

# **Comprehensive Annual Financial Report**

## **South Davis Sewer District**

**West Bountiful, Utah**

**For The Year Ended December 31, 2005**

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**TABLE OF CONTENTS**

<b><u>INTRODUCTORY SECTION</u></b>	<b><u>PAGE</u></b>
Letter of Transmittal .....	1
Organization Chart .....	15
Board of Trustees .....	16
Board of Trustees, 2006 Meeting Schedule .....	17
District Employees .....	18
Awards and Achievement Recognition .....	19
Certificate of Achievement for Excellence in Finance Reporting .....	20
District Cities Map .....	21
Pictures .....	22
<b><u>FINANCIAL SECTION</u></b>	
Independent Auditor's Report .....	29
Management's Discussion and Analysis .....	30
<b>Basic Financial Statements:</b>	
Statement of Net Assets .....	38
Statements of Revenues, Expenses and Changes in Net Assets .....	40
Statement of Cash Flows .....	41
Notes to Financial Statements .....	43
<b>Required Supplementary Information:</b>	
Modified Approach for Eligible Infrastructure Assets .....	55
<b>Other Supplementary Information:</b>	
Statement of Revenues and Expenditures, Budget and Actual .....	58

**STATISTICAL SECTION****PAGE**

Statement of Net Assets (1996 to 2005) .....	60
Statement of Changes in Net Assets (1996 to 2005) .....	61
Statement of Net Revenue and Aggregate Debt Service (1996 to 2005)...	62
Operating Revenues (1996 to 2005) .....	63
Non Operating Revenues (1996 to 2005) .....	64
Revenue by Source Bar Graph's (1996 to 2005) .....	65-66
Schedule of Taxable Valuation and Taxes Assessed and Collected .....	67
Industrial User Property Tax Assessments .....	68
Sewer and Impact Fee Rates (1996 to 2005) .....	69
Major Wastewater Contributors.....	70
Principle Rate Payers.....	71
Sewer User Charge Survey .....	72-75
Revenue Bond Coverage (1996 to 2005) .....	76
Debt Service to Total Expenditures (1996 to 2005) .....	77
Debt to Asset Ratios (1996 to 2005) .....	78
Davis County Demographic Statistics .....	79-80
Public Water Systems Serving Davis County.....	81
Davis County Tax Factors.....	82
Public Treasurer Investment Fund (PTIF) Historical Interest Rates .....	83
Permit-Authorized Construction in Utah (1996 to 2005).....	84
Legacy Parkway Site Plan .....	85
Employees by Department (1996 to 2005) .....	86
Operator Certifications .....	87
Equivalent Dwelling Units (EDU's) .....	88
Capital Asset Balances (1996 to 2005).....	89
Capital Asset Summary.....	90
Capital Asset Additions .....	91
Expenditures by Functions (1996 to 2005).....	92-93
Collection System Map .....	94
Service Area Map .....	95
Summary of Insurance Coverage.....	96
North Treatment Plant Process Flowchart .....	97
South Treatment Plant Process Flowchart.....	98

**COMPLIANCE SECTION**

Report on Compliance and Internal Controls Over Financial Reporting.	99
Auditors Report on State Legal Compliance .....	100
Statement of Net Assets .....	38
Statements of Revenues, Expenses and Changes In Net Assets.....	40
Statement of Cash Flows.....	41
Notes to Financial Statements .....	43
Required Supplementary Information:	
Modified Approach for Eligible Infrastructure Assets.....	55

# INTRODUCTORY SECTION



April 20, 2006

**To the Chair, members of the Board of Trustees, and the Citizens of the South Davis Sewer District:**

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified accountants. The Comprehensive Annual Financial Report (CAFR) of the South Davis Sewer District (District) for the year ended December 31, 2005, is hereby submitted.

District Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe that the data presented is accurate in all material respects, that the report is presented in a manner designed to fairly set forth the results of operations of the District, that the report fairly presents the financial position of the District, and that all disclosures necessary to enable the reader to gain a maximum understanding of the District's financial activities have been included.

The South Davis Sewer District's financial statements have been audited by Karren, Hendrix, Stagg, Allen, and Company, P.L.L.C., a firm of licensed, certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended, December 31, 2005, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the South Davis Sewer District's financial statements for the fiscal year ended December 31, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

The CAFR is presented in four main sections:

1. **Introductory Section**, which is un-audited, includes this transmittal letter and provides general information about the District and history of operation, as well as the organizational structure, a list of the District's elected and appointed officials, and the operations of the District.
2. **Financial Section** includes the certified public accountant's report, Management's Discussion and Analysis, the basic financial statements, notes thereto, other required supplementary information, as well as a schedule of revenues and other sources and expenditures and other uses budget (non-GAAP basis) and actual.

3. **Statistical Section** contains additional un-audited financial and general information generally presented on a multi-year basis.
4. **Compliance and Internal Control Section** includes the independent auditor's reports on internal control and state legal compliance.

## **Background**

In the late 1950's, Bountiful City was the only area of South Davis County, consisting of Bountiful, Centerville, North Salt Lake, West Bountiful, Woods Cross, and the unincorporated areas south of Lund Lane, that was served by a sewer system. The treatment facility serving that system was at capacity and not capable of meeting proposed future discharge requirements. Local government leaders could see this anticipated growth in the area could not be supported by on-site septic tank systems. The District was formed in 1959 to meet these area-wide needs for wastewater collection and treatment.

Construction of the District's North Plant at 1800 West 1200 North in West Bountiful, began in December 1960, and was completed in August 1962. Construction of the South Plant located at 2500 West Center Street in North Salt Lake, began June 1961, and was completed October 1962. During this time, collection systems were built in Centerville, North Salt Lake, West Bountiful, and Woods Cross. Trunk lines connecting all five collection systems in the District to the two treatment plants were also constructed. The District has owned and operated the collection system for all areas except for Bountiful City, which retained ownership of the existing lines in their city. On January 1, 2004, the ownership of the Bountiful system was transferred to the District. The District's collection system now consists of 332 miles of sewer.

In the mid-1980's, the treatment plants had exceeded their nominal design life of 20 years and were treating wastewater flows near their capacity. Planning and engineering studies were undertaken to determine whether the original treatment plants needed to be rehabilitated and expanded, or if all new treatment facilities should be constructed. Because most of the original structures and much of the original equipment were still in excellent condition, the decision was made to rehabilitate and expand the existing plants.

The North Plant expansion and rehabilitation project was begun in September 1988. The project was completed in June 1991. The South Plant expansion and rehabilitation project was begun October 1992, and completed in February 1994. These projects increased capacity at the North Plant from 5.3 to 12.0 million gallons per day and at the South Plant from 2.8 to 4.0 million gallons per day. These projects included extensive rehabilitation and modernization of electrical, mechanical, structural, and hydraulic facilities. The total cost of these two projects was \$13,178,000.

The District currently serves a total population of approximately 85,000. The combined treatment plants are designed to serve a population of 100,000 with a reasonable allowance for commercial and industrial users.

The District has a full time staff of 21. It is empowered to levy a property tax on both real and personal property. The District has the power of eminent domain and may extend its boundaries by annexation. The District has annexed all property within its natural limits of growth.

The Wasatch Front Regional Council projects that the population of the District will be 98,357 in 2030. Existing plant capacity will serve the District through at least the year 2030 based on this population projection. Their report further indicates that Davis County will be nearing buildout at that time. According to the Wasatch Front Report, "Davis County has the smallest land area of any county in the State and will be the first in the State to have to deal with countywide buildout." This inherent limitation on growth should allow the existing plant capacity to serve the build out population of the District.

The continued serviceability of the plants depends on adequate maintenance of existing facilities and some capital improvements within the existing plants. This ability of the existing plants to serve the

existing and future population of the District assumes that there are no significant new regulatory limits incorporated into the District's discharge permits.

The District's South Plant discharges to the Jordan River and the North Plant discharges to the State Canal, both of which ultimately reach the Great Salt Lake. In 2004, the Utah Division of Water Quality (DWQ) initiated formal Total Daily Maximum Load (TMDL) studies on both the Jordan River and The Great Salt Lake. The results of these studies could lead to new or more stringent discharge limits and significantly affect future capital and operation and maintenance needs.

### **Governance**

Davis County organized the District as an independent special district in response to petitions by the member cities of the District under Title 17, Part 6 of the Utah Code. This is now Title 17A, Part 3. A seven-member Board of Trustees governs the District. Each City within the District appoints one Board Member for a four-year term. The two remaining Board Members are elected from the District at large. During the 2000 legislative session elections were changed from the general election in even numbered years to the municipal elections in odd numbered years. Terms are for four years. Board terms are staggered to provide continuity. The Board elects a chair and vice-chair from its members to serve two-year terms. A General Manager who serves at the pleasure of the Board directs day-to-day operations.

The Board has always had two standing committees, personnel and engineering. These committees review the annual budgets for their respective areas. In view of the recent corporate scandals where auditing has been a significant issue, the Board added an audit committee. This committee consists of three Board members. The audit committee was in place for the selection and direction of the audit for 2003. The Utah State Auditor's Office now recommends that special district boards have an audit committee.

The District is required to adopt a budget by no later than December of each year. The Board can adjust the budget up to December of that budget year providing it is done with the appropriate notices and hearings. This annual budget serves as the basis for the District's financial planning and control.

### **Financial Guidelines**

The Board of Trustees has adopted the following guidelines to ensure the financial strength of the District:

- Revenues should be sufficient to support current expenditures, including debt service and other obligations of the system.
- Debt should be used only for capital expansion and improvement of plant and not for current expenses.
- Contingency reserves should be maintained at levels sufficient to provide for unanticipated, non-recurring costs such as major failures.
- Capital projects funded through the issuance of bonds should be financed for a period not to exceed the expected useful life of the project.
- Net revenues (gross revenue less O&M expenses) available for debt service should be generated at a level of 1.2 to 1.5 times the average annual debt service requirement.
- Net revenues that exceed operating expenses and debt service should be used for capital expenditures, restoration of contingency reserves of the wastewater system, and other wastewater purposes.
- Capital financing should be provided through debt financing, current revenues, and contributions from developers, customers, and other governmental entities.
- Cost of service studies should be performed periodically and the relation of revenues to cost reviewed annually.

## Long Term Financial Planning

The District has a written Facilities Maintenance and Finance Plan which assesses at five year intervals the existing condition of all District facilities. It also assesses the current and projected wastewater flows and strengths and reviews this information against the capacity of the collection system and treatment plants. It also evaluates known and anticipated discharge permit requirements. We then project future maintenance and capital improvement needs. We then assess the ability of existing and projected District reserves and revenues to support the anticipated financial needs. If necessary the District would then adjust impact fees, user fees, and tax assessments.

The District has not raised user fees since 1988 when they were raised to \$5 per month per residence and residential equivalent. Since 1988 the District's tax rate has decreased 62% from 0.000940 to 0.000357. A \$185,000 home currently pays an annual tax of \$66.05. This is a total sewer user fee of \$10.51 per month. The District's impact fee is \$1,456 per residence or residential equivalent.

Impact and user fees are currently adequate for debt service, operations, maintenance, and to provide reserves for anticipated capital projects. Rate or tax increases are not anticipated anytime in the near future. The follow table shows the current allocation of District reserves:

<b>Capital Reserves Allocation</b>	<b>Amount</b>
Operating Capital	\$1,500,000
Insurance Reserve Fund	\$150,000
<b>Subtotal</b>	<b>\$1,200,000</b>
Reserve for revenue bond debt service	\$363,500
Reserve for renewal and replacement	\$430,000
Master planned replacement of original plant equipment	\$1,200,000
Near term capital improvements budget	\$2,000,000
Long term capital improvements budget	\$2,393,240
Reuse (additional treatment, pumping, & distribution)	\$2,500,000
Sludge disposal (compost, land application)	\$2,000,000
Trunk lines	\$1,000,000
<b>Subtotal</b>	<b>\$11,886,740</b>
Collection system renewal & replacement	\$1,200,000
Collection system equipment (jet washer, CCTV, CIPP)	\$350,000
<b>Subtotal</b>	<b>\$1,550,000</b>
<b>TOTAL</b>	<b>\$14,636,740</b>

The District will retire its last bonds in 2008. Bonding will not be required for future capital improvement needs with two possible exceptions. Since reuse will benefit a limited number of District customers it will have to carry all of its capital, operation, and maintenance costs. It may be desirable to bond for reuse capital costs to clearly isolate them from the District's normal budget. If significant new discharge requirements such as nitrogen, phosphorus or metals removal should be added to the District's discharge permit, significant additional capital, operation, and maintenance costs would be added to existing budget requirements. This would likely require both bonding and rate increases.

## Local Economy

The University of Utah Bureau of Economic and Business Research (BEBR) reports that permit-authorized construction for 2005 in Utah was in excess of \$6.5 billion, the highest level ever recorded. This exceeded the previous record of \$5.1 billion set in 2004 by 28.7 percent.

The number of new homes receiving permits during 2005 was the highest number on record in Utah. There were 28,285 permits, worth \$4.7 billion, issued for new homes. This broke the record set in 2004. Of these permits 20,919 were for single family housing exceeding 2004's record of 17,724. The previous record of 17,424 was set in 1977 when the number of baby boomers buying their first homes peaked.



In the District the number of dwelling units was down 18.8% from 957 in 2004 to 777 in 2005. Total impact fees, however, were up from \$1,177,624 to \$1,639,086 or 39%. This is due to some large commercial projects such as a new Costco store and the associated development at West Bountiful Commons. It is also due to the increase in the cost of new homes due to rising cost of construction materials and labor. Low interest rates are also allowing buyers to purchase more expensive homes.

The value of nonresidential construction reached \$1.2 billion, the highest level since 1997. The BEBR notes, "Nonresidential construction will continue to grow, as long as Utah's economy remains strong. A number of major nonresidential projects will produce significant impacts in 2006 and beyond."

Office space vacancies are down and for the first time since 2000 the value of permits for office space exceeded \$200 million. Major projects for 2006 include the Legacy Parkway, commuter rail, the revitalization of the downtown malls, the Lakeside Power Plant in Utah County, and the Hamilton Partners' 22-story building in Salt Lake City. In South Davis County we have numerous projects in the West Bountiful Commons shopping center and an office building in Bountiful valued at over \$1 million.

The following tables show that overall construction values for South Davis County are below the statewide trends. Residential construction declined 18.8%. Nonresidential showed a decrease of 124%. Nonresidential construction does not significantly impact district revenue or operations unless it is a major new industry coming into the District.

It should be remembered that these numbers are coming after record high years and that the growth in the District is still very substantial. District budgeting does not depend on growth for stability. The biggest challenge for the District is just to deal with the work load of applications, reviews, and inspections. The District has collection system and treatment plant capacity for build out.

City	New Dwelling Units		New Residential Value		New Nonresidential Value	
	Number	% change	Value, \$1000	% change	Value, \$1000	% change
Bountiful	119	10	48,845	28	22,544	145
Centerville	86	-26	17,573	-8	5,157	269
North Salt Lake	426	-28	88,061	-16	17,282	163
West Bountiful	76	29	15,548	29	2,585	638
Woods Cross	70	-13	10,960	12	3,028	-40
<b>Totals</b>	<b>777</b>	<b>-19</b>	<b>180,987</b>	<b>-2</b>	<b>50,596</b>	<b>124</b>

City	Additions & Repairs					
	Residential		Nonresidential		Total Construction Value	
	Value, \$1000	% change	Value, \$1000	% change	Value, \$1000	% change
Bountiful	1,867	-48	2,347	-31	75,603	39
Centerville	1,809	47	1,496	215	26,036	17
North Salt Lake	542	-66	653	-74	106,539	-8
West Bountiful	247	-57	10	0	18,391	-16
Woods Cross	323	39	790	22	15,102	-4
<b>Totals</b>	<b>4,788</b>	<b>-34</b>	<b>5,296</b>	<b>-26</b>	<b>241,671</b>	<b>10</b>

Economic strength is seen in three areas in the District. There is continued growth in residential housing with accompanying impact fee revenue and sewer service fee revenue for the District. There is continued growth in commercial properties. Finally, although the growth rate is the approximately the same as it was two years ago, there is still moderate growth in industrial properties with the development of new industrial subdivision lots and the construction of new facilities in existing industrial parks. The South Davis County area also serves as a bedroom community for the greater Wasatch Front area. The economy in the Wasatch Front is currently very strong with a diversified mix of economic activities.

The most significant threat to the economic conditions in Davis County is the future of Hill Field Air Force Base (HAFB). According to BEBR, "Closing Hill AFB would have economic repercussions on the Davis/Weber region unparalleled since the Great Depression." Davis County would suffer the greatest losses in such an event. A BEBR analysis indicates that in the long-term Davis County would lose approximately 28,000 jobs, \$1.89 billion in earnings, and \$1.38 billion in personal income. The County's economy would be permanently reduced by 12%. The population of the county would decrease by 21,000. HAFB survived the most recent round of base closures announced on May 13, 2005. The location of HAFB and the proximity of unique resources such as the west desert bombing ranges and the efficiency of HAFB operations help to maintain its competitive edge as an important DOD facility.

## **Major Activities**

### *Geographic Information System (GIS)*

The District's aerial mapping system for its collection system was 20 years old. In that time enormous growth has taken place in the District, making these maps very dated. It became increasingly expensive to maintain the old system. In 2005, we completed implementation of a Geographic Information System. This computer based system links information about our sewer lines and manholes to a Global Positioning Satellite (GPS) based map of all District sewer lines. The GIS also shows an aerial photo, roads, and lot lines. The GIS system is used in the office and by the collection system crews to track their various tasks.

One of the things needed to maintain an up-to-date system is a current set of aerial photographs. The most recent set cost approximately \$30,000. Working with other public agencies in the District we were able to get a number of them to participate in the development of new aerials greatly reducing the cost for all involved. In the future the State of Utah has indicated that they will take leadership in routinely updating aerial photos for the area for those who wish to participate.

### *Accounting*

The incorporation of the Bountiful collection system into the District in January, 2004, created a number of accounting and record keeping tasks for the office staff. The first District billing for the Bountiful area was in July of 2004. Subsequent billings in 2005 have gone smoothly. We are still working on some minor record keeping clean up to completely incorporate building sewer locations and other information into the system.

The Governmental Accounting Standards Board (GASB) has promulgated a number of new rules governing the District's annual audit. The most significant of these are: #40 - Deposit and Investment Risk Disclosures and #44 - Economic Condition Reporting. We have implemented Statement #40 in the 2005 audit. Statement #44 will be incorporated as provided by GASB in the 2006 audit. Most, if not all, of the required reporting for Statement #44 is already incorporated in the statistical section of this CAFR. Statement #44 standardizes the requirements and the presentation of this material.

The District has quite a number of vehicles. Several vehicles, such as the sewer jet/vac, use a lot of fuel. In the 2005 pre-audit review the audit committee pointed out some weaknesses in our existing fueling system. Working with the plant management, accounting developed a new computer based accounting system for dispensing fuel. The system keeps records of each employee, each vehicle, mileage, and fuel dispensed. Accounting then takes this data, reviews it, and develops statistics such as mileage for further review.

### *Wastewater Reuse*

Nationwide, hundreds of thousands of acre-feet of wastewater are reused in the US. Despite the fact that Utah is the second most arid state in the US, it has been slow to develop reuse projects. There are currently several under consideration. The proposed Legacy Parkway would include approximately 110 acres of landscaping that would require permanent irrigation. The Utah Department of Transportation (UDOT) approached the District with a request for us to consider

supplying reclaimed wastewater for this landscaping as well as construction water for dust control and compaction. The District prepared a reuse plan for construction water and received a permit from the DWQ to provide water for Parkway construction.

The Legacy Parkway Project was stalled for several years by various lawsuits. Work has now recommenced and again the District has been approached to supply both construction and irrigation water.

The District received a request from North Salt Lake City and a property owner to supply reuse water as a secondary irrigation water source for the Foxboro project, a 1,200-lot development, located near our South Plant. The size of this project has been increased to approximately 2,500 lots. The District is developing a plan to address this proposal.

To provide water for landscape irrigation will require a detailed reuse plan. At a minimum granular-media filters will be required for landscape irrigation. These filters are already available at the South Plant, but would have to be constructed at the North Plant. Reuse also requires a high level of disinfection. Current technology seems to be moving in the direction of semi-permeable membranes for the filtration step. We have been reviewing the literature and attending various seminars to review this issue. The District has completed a draft reuse plan for submittal to the Division of Water Quality.

The second major concern in implementing reuse was to obtain concurrence from the State Engineer's Office that our proposed use is consistent with the underlying water rights held by the City or Cities that have generated the wastewater and propose to reuse it. In order to make proper application to the State Engineer's Office it was necessary to develop an Interlocal Agreement with the City of North Salt Lake making the District agent for the City in utilizing any of its water for reuse purposes. The State Engineer's Office has issued a memorandum decision confirming the District's and its member city's ability to reuse wastewater within the boundaries of the District.

In 2005 the District developed a detailed, preliminary cost estimate of the Capital and Operation and Maintenance costs for a reuse project. We then developed a number of scenarios for an impact fee and rate schedule to finance the project. Because of the need for additional treatment, storage, pumping stations, and transmission pipelines, the cost of reclaimed wastewater is very high. We estimated the cost to be approximately \$850 per year per acre-foot if an impact fee of \$1200 were charged. The most expensive Weber Basin water is approximately \$250 with no impact fee. When we shared these numbers with North Salt Lake City, the City felt that in the interest of their citizens they should exhaust all other options to supply water to the Foxboro project before embarking on a reuse project with the District. The District agreed with this assessment.

Recent meetings with North Salt Lake City have indicated a renewed interest in pursuing reuse quality water for secondary irrigation at Foxboro. We are updating cost estimates and other information for the City to review and make a final decision.

#### *Biosolids*

The beneficial reuse of the biosolids generated during the treatment of municipal wastewater is an important economic and environmental issue for the regulatory and the Publicly Owned Treatment Works (POTW) community. To promote the production of the highest possible quality biosolids and to ensure that the process is thoroughly documented the US Environmental Protection Agency, the Water Environment Federation (WEF) and the Association of Metropolitan Sewerage Agencies (AMSA) joined together to create the National Biosolids Partnership (NBP). This organization has developed a detailed program for implementing an Environmental Management System (EMS) for biosolids. An EMS is a comprehensive plan to identify and address all environmental issues involved in a process, treatment facility, industry or other entity. An important feature of an EMS is an auditing process involving an independent third party in a fashion similar to a financial audit. The purpose of the auditor is to test and investigate the adequacy of a facilities EMS and whether in actual practice it complies with the requirements of its EMS.

The National Biosolids Partnership initially involved approximately a dozen POTWs across the US in developing and implementing a biosolids EMS. After the experience of these agencies had been incorporated in the Partnership's program, they selected a second group of POTWs to participate in the program. The District was selected for participation with this group. The Partnership provides materials, consulting assistance, workshops, and phone conferences to support participants in developing their EMSs.

The project started with an on-site, two-day workshop facilitated by a consultant provided by the Partnership. The General Manager attended a three-day workshop in Alexandria, Virginia, where POTWs that have completed the program shared their experiences. One of the first requirements of the program is to develop and adopt a biosolids policy that complies with the Partnership's "Code of Good Practice".

### **BIOSOLIDS EMS POLICY**

The South Davis Sewer District is committed to following the principles of conduct set forth in the National Biosolids Code of Good Practice. It is the policy of the District to promote and practice the beneficial use of biosolids and the reuse/recycling of resources. The District will strive to maintain, improve, and protect the environment during the production and treatment of biosolids. The District will make every effort to ensure that the public is not endangered or inconvenienced by the production and treatment of biosolids. The District will obey all applicable federal, state, county and local laws, rules and regulations.

#### **National Biosolids Code of Good Practice Principles of Conduct**

1. **Compliance:** To commit to compliance with all applicable federal, state and local requirements regarding the production at the wastewater treatment facility, and management, transportation, storage, and use or disposal of biosolids away from the facility.
2. **Product:** To provide biosolids that meet the applicable standards for their intended use or disposal.
3. **Environmental Management System:** To develop an environmental management system for biosolids that includes a method of independent third-party verification to ensure effective ongoing biosolids operations.
4. **Quality Monitoring:** To enhance the monitoring of biosolids production and management practices.
5. **Quality Practices:** To require good housekeeping practices for biosolids production, processing, transport and storage, and during final use or disposal operations.
6. **Contingency and Emergency Response Plans:** To develop response plans for unanticipated events such as inclement weather, spills, and equipment malfunctions.
7. **Sustainable Management Practices and Operations:** To enhance the environment by committing to sustainable, environmentally acceptable biosolids management practices and operations through an environmental management system.
8. **Preventive Maintenance:** To prepare and implement a plan for preventive maintenance for equipment used to manage biosolids and wastewater solids.
9. **Continual Improvement:** To seek continual improvement in all aspects of biosolids management.
10. **Communications:** To provide methods of effective communication with gatekeepers, stakeholders, and interested citizens regarding the key elements of each environmental management system, including information relative to system performance. Copies of this policy will be posted at the wastewater treatment plant. A copy of this policy will be sent to the city's engineers and any contractors or sub-contractors that will be supplying goods and services that will impact the biosolids program. Copies of this policy will be made available to all interested parties upon request. A copy of this policy will be incorporated into the District's biosolids EMS.

The initial draft is approximately 60% complete. As we reviewed in detail the existing options for long-term biosolids utilization in the area, it became clear that growth and development will increasingly limit our biosolids options. We have delayed further work on our EMS while we resolve our ultimate disposal options.

Discussions of this issue with the management of other treatment entities in the Wasatch Front led to the formation of an Ad Hoc committee to study the possibility of a joint, regional approach to biosolids disposition. This study is discussed later.

### *Treatment Plants*

Changes in the methodology for determining limits for ammonia prompted the Division of Water Quality to reopen all of the treatment plant permits for plants discharging to the Jordan River. This affects the discharge permits for both the North Plant and the South Plant. The new limits for both plants were promulgated on November 1, 2005. The table on the following page summarizes the requirements of the old and the new permits. The changes are shaded in gray. We have been able to comply with the new permit requirements.

The North Plant remained in consistent compliance with all effluent discharge requirements.

The South Plant exceeded its 30-day average for BOD and its 7-day average for BOD for one week. It also exceeded the 30-day average for TSS. The South Plant experienced a prolonged discharge of high strength wastewater from the Big West Oil Refinery (Flying J) on December 23<sup>rd</sup> and 24<sup>th</sup>. Our first indication of a problem was a very high chlorine demand. Chlorine demand went from 200 lbs. per day to 800 lbs. per day. Plant influent and effluent had a strong black color. Odors were very noticeable. Effluent CODs went from less than 100 mg/L to 150 mg/L. This wastewater removed the biological growth from the upper surfaces of the first stage trickling filters and inhibited removal by the first and second stage trickling filters. The Plant's effluent deteriorated from 12/28/04 to 1/12/05, after which time the process recovered. The District met with Big West Oil Refinery and plans have been put in place to ensure that such an event does not reoccur in the future.

Over the years through the Utah State and Federal Surplus Agency the District has purchased a 7.3 and a 25 ton crane. For the last year or so we have been sending two employees to training on crane operation and safety. The 2006 legislature passed a statute making crane operator certification mandatory. We have already completed that process and have certified crane operators on staff.

The Utah Division of Water Quality performs on-site detailed audits of plant maintenance, the industrial pretreatment program, and biosolids disposal each year. All audits this year were routine with only minor comments

### *Collection System*

Our Geographic Information System also supports better record keeping and work order generation for the collection system personnel. The last several years we have emphasized the repair of all significant structural problems found in the sewer system during inspections. This year 483 of these repairs were made. A detailed breakdown of collection system work orders identified and performed is found in the Management Discussion and Analysis section.

Bountiful City initiated discussions in April 2003 regarding the possibility of the District accepting ownership and responsibility for operation and maintenance of the Bountiful City collection system. After careful review of Bountiful City's collection system records, interviews with their operations personnel, and negotiations the District accepted ownership of the Bountiful City collection system effective January 1, 2004. This added approximately 140 miles of sewer line and 10,000 connections to the District's collection system.

Since assuming ownership of the Bountiful system in 2004 over 95% of all sewer manholes in Bountiful were located, uncovered or otherwise made accessible if necessary, and inspected. All significant problems were corrected immediately. Approximately 85% of all Bountiful sewer lines have been inspected via closed circuit television. Again we were able to correct all significant problems found immediately. The overall condition of the Bountiful system was well within our expectations from investigations made prior to its acquisition. The Bountiful City staff was extremely

**South Davis Sewer District**  
**UPDES Effluent Limitations**  
**For The Year Ending December 31, 2005**

**North Plant**

Parameter	Maximum Monthly Avg.		Maximum Weekly Avg.		Daily Minimum		Daily Maximum	
	Old Permit	New Permit	Old Permit	New Permit	Old Permit	New Permit	Old Permit	New Permit
BOD, mg/L	25	20	35	27	NA	NA	NA	NA
Summer(Jul-Sep)	25	25	35	35	NA	NA	NA	NA
Fall (Oct-Dec)	25	25	35	35	NA	NA	NA	NA
Winter (Jan-Mar)	25	25	35	35	NA	NA	NA	NA
Spring (Apr-Jun)	25	25	35	35	NA	NA	NA	NA
BOD minimum % removal	85	85	NA	NA	NA	NA	NA	NA
TSS, mg/L	25	25	35	35	NA	NA	NA	NA
TSS minimum % removal	85	85	85	85	NA	NA	NA	NA
E. Coli, No./100 mL	NA	126	NA	157				
Ammonia								
Summer(Jul-Sep)	15	10	NA	31.7	NA	NA	NA	NA
Fall (Oct-Dec)	10	10	NA	16.2	NA	NA	NA	NA
Winter (Jan-Mar)	8	12	NA	23.4	NA	NA	NA	NA
Spring (Apr-Jun)	10	15	NA	26.8	NA	NA	NA	NA
TRC, mg/L	0.27	NA	NA	NA	NA	NA	NA	0.09
Summer(Jul-Sep)	NA	NA	NA	NA	NA	NA	NA	0.06
Fall (Oct-Dec)	NA	NA	NA	NA	NA	NA	NA	0.02
Winter (Jan-Mar)	NA	NA	NA	NA	NA	NA	NA	0.06
Spring (Apr-Jun)	NA	NA	NA	NA	NA	NA	NA	NA
Dissolved Oxygen, mg/L	NA	NA	NA	NA	5	5	NA	NA
Biomonitoring								
Acute	NA	NA	NA	NA	NA	NA	PASS	PASS
Chronic	NA	NA	NA	NA	NA	NA	PASS	PASS
Oil & Grease, mg/L	NA	NA	NA	NA	NA	NA	10	10

**South Plant**

Parameter	Maximum Monthly Avg.		Maximum Weekly Avg.		Daily Minimum		Daily Maximum	
	Old Permit	New Permit	Old Permit	New Permit	Old Permit	New Permit	Old Permit	New Permit
BOD, mg/L	25	20	35	27	NA	NA	NA	NA
Summer(Jul-Sep)	25	25	35	35	NA	NA	NA	NA
Fall (Oct-Dec)	25	25	35	35	NA	NA	NA	NA
Winter (Jan-Mar)	25	25	35	35	NA	NA	NA	NA
Spring (Apr-Jun)	25	25	35	35	NA	NA	NA	NA
BOD minimum % removal	85	85	NA	NA	NA	NA	NA	NA
TSS, mg/L	25	25	35	35	NA	NA	NA	NA
TSS minimum % removal	85	85	85	85	NA	NA	NA	NA
E. Coli, No./100 mL	NA	126	NA	157				
Ammonia								
Summer(Jul-Sep)	20	15	NA	30	NA	NA	NA	NA
Fall (Oct-Dec)	12	10	NA	40	NA	NA	NA	NA
Winter (Jan-Mar)	10	15	NA	3	NA	NA	NA	NA
Spring (Apr-Jun)	15	20	NA	40	NA	NA	NA	NA
TRC, mg/L	0.27	NA	NA	NA	NA	NA	NA	0.09
Summer(Jul-Sep)	NA	NA	NA	NA	NA	NA	NA	0.18
Fall (Oct-Dec)	NA	NA	NA	NA	NA	NA	NA	0.18
Winter (Jan-Mar)	NA	NA	NA	NA	NA	NA	NA	0.17
Spring (Apr-Jun)	NA	NA	NA	NA	NA	NA	NA	NA
Dissolved Oxygen, mg/L	NA	NA	NA	NA	5	5	NA	NA
Biomonitoring								
Acute	NA	NA	NA	NA	NA	NA	PASS	PASS
Oil & Grease, mg/L	NA	NA	NA	NA	NA	NA	10	10

Source: District Sample Records

cooperative and helpful in making the transition. The engineering and accounting staffs were particularly helpful in locating and transferring their collection system records.

The District's collection system is in overall excellent condition and even the oldest lines have many decades of remaining life. However, in our approximately 1,800,000 feet of sewer, which contains something on the order of 450,000 individual joints, there are many structural and other defects. As the system ages and with the inevitable damage from work on other utilities, additional repairs will always be needed.

Sewer line repairs, especially in streets where most of our sewer lines are located, have always been expensive. In addition, the construction activity to accomplish repairs can be very disruptive to traffic, create noise and dirt, and make access to homes and businesses difficult. One 800-foot section of 8-inch sewer line in 2004 cost the District over \$100 per foot to replace. For comparison, construction of an 8-inch sewer line in a new subdivision averaged \$31.46 in 2004.

Over the last 10 years, trenchless methods for making sewer line repairs and replacements have been developed and proven. Many of these methods are now mature and are proving to be very cost effective. District staff spent considerable time and effort in 2005 continuing our research into these methods.

In the spring of 2005 we completed our first trenchless project. The District has a 24-inch trunk line running along the Old Sheep Road in Centerville that was taken out of service in 1987 due to excessive infiltration of groundwater during the high lake levels of the time. Forty joints with significant leaks needed to be repaired before the line could be returned to service. This line averages approximately 18 to 20 feet deep and is located in very wet, unstable clay. We estimated that with traditional excavation methods repairs would cost \$400,000. In addition, because of the depth, the poor excavation conditions, and the lack of any good repair technology the quality of repairs would be questionable.

One of the new trenchless technologies addresses these spot repairs. With the PermaLiner system, an inflatable rubber tube is wrapped with a protective plastic cover and then with several layers of fiberglass. The fiberglass is then impregnated with epoxy resin. This assembly is then pulled into place in the sewer using cables. When in position the rubber tube is then inflated firmly pressing the epoxy impregnated fiberglass against the sewer pipe. The epoxy is then allowed to cure to 2 to 4 hours depending on temperature. The rubber tube is then deflated and removed. The fiberglass patch is smoothly bonded to the sewer pipe and the ends are neatly feathered. Many of the joints were leaking large quantities of groundwater during the operation and these leaks did not affect the placement and curing of the patch. The leaks were all sealed completely. The line has now been returned to service. The total cost of the repairs including purchasing the inflatable rubber tube was approximately \$50,000.

Partly because of the great success we have had with this project and partly because of the success that we have had in talking with vendors and customers of the various trenchless technologies, the District has budgeted funds for 2006 to acquire additional equipment to address spot repairs and lining of 4-inch building sewers and 8-inch main lines. These two line sizes that will have the greatest number of repair requirements over the years.

### **Future Activities**

#### *Wastewater Reuse*

If the next level of our feasibility study supports the project, North Salt Lake City would like the District to be prepared to deliver reclaimed wastewater for secondary irrigation by the spring of 2007. This will require a very ambitious engineering and construction effort during 2006.

We will continue to meet with the other Cities within the District, with the Weber Basin Water Conservancy District, and other interested parties to discuss wastewater reuse opportunities. The Weber Basin Water Conservancy District has been supportive of maximizing this resource and

indicated their willingness to work together and with the District and its member cities in this effort. Given the limited water supplies in the area it is only a matter of time until economics will make wastewater reuse feasible.

### *Biosolids*

Long-term biosolids disposal options continue to be a concern for all POTWs in the area. UDOT has purchased several thousand acres in the District for the Legacy Parkway and its associated Legacy Nature Preserve. This greatly reduces the area available to the District for the agricultural land application of biosolids. The current joint composting project with Bountiful City utilizes less than 20% of the District's annual biosolids production.

Six of the POTWs along the Wasatch Front have created a steering committee with our General Manager as co-chair to explore the possibility of establishing a regional authority to handle biosolids disposal for all or a number of these plants. The group funded a preliminary feasibility study of the issue.

A consulting engineering firm, CH<sub>2</sub>M-Hill, was commissioned to perform this study. The study was to investigate the biosolids disposition options available to the group, the feasibility of a regional authority, and to identify potential sites for the authority to operate a joint biosolids facility. This study was successfully completed. The most viable long-term options were identified as mono-filling, a type of landfill, and agricultural land application. A number of potential sites suitable for these alternatives were identified and preliminary cost estimates prepared for the development, operation, and maintenance of the project. The committee members feel that implementing the recommendations of the study is essential to secure a viable, long term, economical solution to biosolids disposition. The committee is now investigating the process needed to pursue creating an interlocal agreement to develop the project.

In addition, the group is now investigating specific parcels of land that might be suitable for the project. We are also beginning to contact various stakeholders to learn their position and gain their support. At a minimum the group would like to complete due diligence site investigations in 2006. If possible we would like to purchase the property if it is suitable.

### *Collection System*

EPA has been working for a number of years on a new regulation for the operation of collection systems, generally referred to as Capacity Management, Operation and Maintenance (CMOM). We have expected these regulations to be promulgated every year for the last several years. There was no action taken to promulgate these regulations in 2005.

These regulations will require that all collection systems have an operating permit. These permits will require a written operations plan. Under this new regulation, permits will be issued to the owners and operators of collection systems much as discharge permits are issued to treatment plants. These permits will detail operations and maintenance requirements, record-keeping requirements, reporting requirements, and provide penalties for sewer overflows and bypasses. This new regulation was sidelined during the transition to the Bush Presidency. It will require significant resources to comply with this new regulation. The District has been following the development of this program carefully. We do not expect any unusual difficulties in complying with the regulation since we already follow the principals and practices mandated by the regulation except for some written documentation and reporting. In the short term, the District will have some expense in developing the written operations plan. We do not expect any significant long-term expense. The District's collection system is in excellent condition. We have provided for improvement to support this program in our 2006 budget.

The District has procured the equipment to repair 4-inch laterals using the new Cured In Place Pipe (CIPP) technology. In this process a soft, flexible tube of polyester felt is impregnated with epoxy resin. This tube is then inverted into an existing lateral using air pressure. A second, calibration tube is inverted inside the liner and inflated with air pressure. The liner is then allowed to cure for 2 to 3 hours. The calibration tube is withdrawn, any opening made for access for the lining process is



repaired, and the job is complete. We have successfully repair 8 laterals to-date with great success. The technology gives us a better repair than any other method and using our own forces it is far less expensive than traditional methods.

Based on the success of the spot repairs and the lateral repairs the District has budgeted to acquire the equipment and training to line 8-inch and larger main lines. Over time the cost savings to the District will be enormous. In addition, the repair is better that can be accomplished by digging up the old sewer. Finally, this repair technology is far less disruptive of traffic and creates far less mess and potential for public contact with contaminated material.

The spot repairs on the Old Sheep Road Line allowed us to take a pump station in Centerville out of service and allow that water to flow by gravity to the Centerville Industrial Park Pump Station. This pump station is over 30 years old and was in need of rehabilitation. District forces added a new, ground-level structure to house the electrical panels and controls at this pump station. The two electric, submersible pumps that were removed from the Centerville Frontage Road Pump Station were installed in the Sheep Road Pump Station. They had been purchased oversized in 2004 for this purpose. The wet well was rebuilt and all new electrical systems installed. This pump station should now be good for another 20 years with good routine maintenance.

### *Security*

Following the tragic events of September 11, 2001, the wastewater industry has directed significant energy to the issue of security. Immediately after September 11, the District took several steps to better secure the several tons of liquid chlorine that are stored at each of our plants. EPA, AMSA, and the WEF have all put together guidance materials, funded studies, and sponsored seminars to evaluate security issues at wastewater facilities, develop strategies to improve security, and educated the wastewater community on these issues.

The District subscribes to several Internet sources of real time security information. We are watching the literature and will again be participating in several training secessions this year to ensure that we are addressing this issue adequately. AMSA, supported by EPA, has developed an extensive program model called the Vulnerability Self-Assessment Tool. We are implementing this program at the District.

### **Risk Management**

The District's liability insurance is provided by the Utah Local Governments Trust. The Trust is an interlocal government agreement comprised of over 420 local governments in Utah. The Trust sponsors numerous activities in risk management from seminars to on-site inspections.

The District believes in being very proactive in providing a safe and healthy workplace for its employees and to reduce its liability exposure. For a number of years the District has shared, under the Umbrella of the Utah Local Governments Trust, a full-time health and safety officer with several other wastewater utilities. Several of these utilities dropped out of the program making it impossible to maintain a full time person. We have retained a consultant to provide these services. He is committed to spend a minimum of 8 hours per week on the District's Health and Safety Program.

### **Awards and Achievements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the South Davis Sewer District for its comprehensive annual financial report for the fiscal year ended December 31, 2005. This was the seventh year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

John E. Petersen, the finance columnist for *Governing* magazine, stated in the April 2000 issue, "The Certificate of Achievement Award [is] the real standard-setter in the realm of professional accomplishment."

At its annual conference in May 2000, the Water Environment Association of Utah (WEAU) awarded the District the Best Operated Plant of the year for both the North Plant in the over 5 mgd category and the South Plant in the under 5 mgd category. Eric Nemcek, South Plant Lead Operator, was awarded the Best Plant Operator for the less than 5 mgd category. Dal D. Wayment, the District's General Manager, was given the Grant K. Borg Extraordinary Service Award. In 2004, Mr. Wayment was awarded the Sidney Bedell award for outstanding service by the Water Environment Federation.

The following pages present the District's organizational chart, a listing of the District's Board of Trustees, the District's 2005 meeting schedule, a listing of the employees of the District, a copy of our 2004 Certificate of Achievement, a list of professional awards, a location map, an area map, Staff pictures, and project pictures.

Respectfully submitted,



Dal D. Wayment, P.E.  
General Manager/Treasurer

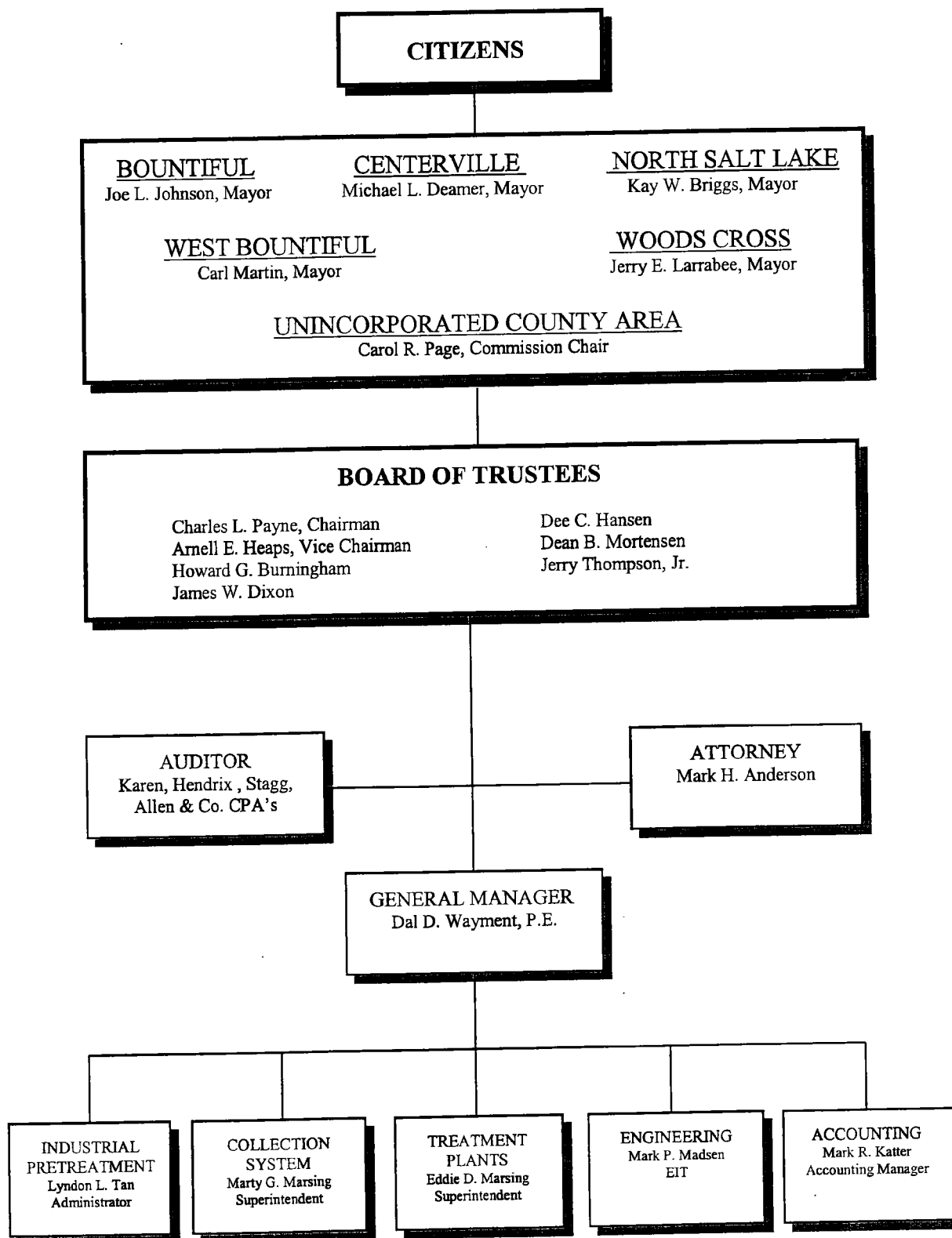


Mark R. Katter  
Accounting Manager/Clerk

### **Benchmarking**

The National Association of Clean Water Agencies (NACWA) has conducted an extensive survey of hundreds of wastewater treatment plants and collection systems operated by public agencies. A number of key statistics are presented in the graphs on the following pages. The District's results are highlighted on the graph.

**SOUTH DAVIS SEWER DISTRICT**  
Organizational Chart  
For The Year Ending December 31, 2005



**SOUTH DAVIS SEWER DISTRICT**  
**Board of Trustees**  
For The Year Ending December 31, 2005



**Name**

**Title**

**Representing**

Front Row (Left to Right)

Arnell E. Heaps

Charles L. Payne

Jerry Thompson, Jr.

Vice-Chairman

Chairman

Trustee

Bountiful City

Woods Cross City

West Bountiful City

Back Row (Left to Right)

Howard G. Burningham

Dee C. Hansen

James W. Dixon

Dean B. Mortensen

Trustee

Trustee

Trustee

Trustee

District At Large

Centerville City

North Salt Lake City

District At Large

**SOUTH DAVIS SEWER DISTRICT**  
Board of Trustee Meeting Schedule  
For the Year Ending December 31, 2006

The regular meeting of the Board of Trustees for the South Davis Sewer District is held on the third Thursday of each month at 7:30 PM, except in December which shall be the first Thursday at 7:30 PM, to provide for adoption of the Budget by the 15th of the month in compliance with State Statute, at the District Office, located at 1800 West 1200 North, West Bountiful, Utah.

Meeting agendas are posted 3 days in advance at the location of the meeting (1800 West 1200 North, West Bountiful, Utah).

Should circumstances require the regularly scheduled meeting to be changed or the holding of a special meeting be required, notice of such meetings shall be made in accordance with applicable state statutes.

**2006 MEETING CALENDAR**

January	19th	Thursday	
February	16th	Thursday	
March	16th	Thursday	
April	20th	Thursday	
May	25th	Thursday	
June	15th	Thursday	Adopt 2006 Tax Rate
July	20th	Thursday	
August	17th	Thursday	
September	21st	Thursday	
October	19th	Thursday	Review and Approve Tentative 2007 Budget
November	16th	Thursday	
December	7th	Thursday	Budget Hearing - Adopt Final 2007 Budget

**OPEN AND PUBLIC MEETINGS**

In adopting the policy, the District recognizes the application of the open and public meeting act, Utah Code 52-4-1. Any inconsistency or conflict between this policy and applicable provisions of the act shall be governed by the act, as amended from time to time.

Every meeting is open to the public unless closed pursuant to Sections 52-4-4 and 52-4-5 of the Utah Code.

**SOUTH DAVIS SEWER DISTRICT**  
Full-Time Employees  
For The Year Ending December 31, 2005

Dal D. Wayment	General Manager/Treasurer
Mark R. Katter	Accounting Manager/Clerk
Mike C. Bradshaw	Maintenance
Shane J. Cole	Accounting Clerk Intermediate
John K. Davies	Collection System Inspector
Valerie H. Davis	Clerical/Clerk
Shane E. Fleming	Lineman
Corry J. King	Operator
Mark P. Madsen	Engineer/EIT
Eddie D. Marsing	Treatment Plant Superintendent
Marty G. Marsing	Collection Superintendent
Brent M. Maxwell	Operator
Susanne F. Monsen	Administrative Assistant
Timothy E. Munden	Operator
Eric S. Nemcek	Assistant Operations Superintendent
Brandon S. Rice	Lineman
Stephen J. Rix	Operator
Earl W. Seely	Operator/Biosolids
Lyndon L. Tan	Industrial Pretreatment Administrator
Carl E. Trimming	Lineman
Zane R. Young	Maintenance

Source: District Personnel Records

**SOUTH DAVIS SEWER DISTRICT  
AWARDS**

1965	William D. Hatfield Award Ludvig B. Olsen**
1974	Outstanding Wastewater Plant Under 5 MGD Design Capacity* South Plant
1976	Outstanding Wastewater Plant Over 5 MGD Design Capacity* North Plant
1976	Outstanding Treatment Plant Operator/Wastewater Plant Under 5 MGD Design Capacity* Gary C. Hales
1977	Outstanding Wastewater Plant Under 5 MGD Design Capacity* South Plant
1977	Outstanding Treatment Plant Operator/Wastewater Plant Under 5 MGD Design Capacity* Donald E. Stark
1979	Outstanding Collection System Under 5 MGD Design Capacity*
1978	Outstanding Wastewater Plant Over 5 MGD Design Capacity* North Plant
1981	Outstanding Wastewater Plant Under 5 MGD Design Capacity* South Plant
1983	Outstanding Wastewater Plant Under 5 MGD Design Capacity* South Plant
1985	Outstanding Wastewater Plant Under 5 MGD Design Capacity* South Plant
1988	Outstanding Plant Safety Award* North Plant
1994	Outstanding Plant Safety Award* North Plant
1996	George W. Burke Jr. Award**
1999	Outstanding Wastewater Plant Under 5 MGD Design Capacity* South Plant
1999	Outstanding Wastewater Plant Operator Under 5 MGD Design Capacity* Eric S. Nemcek
1999	Outstanding Wastewater Plant Over 5 MGD Design Capacity* North Plant
2000	Grant K. Borg Extraordinary Service Award* Dal D. Wayment
2001	Quarter Century Operators' Club** Dal D. Wayment
2004	Arthur Sidney Bedell Award** Dal D. Wayment

\* Water Environment Association of Utah (WEAU/State)

\*\* Water Environment Federation (WEF/National)

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

South Davis Sewer District,  
Utah

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2004

A Certificate of Achievement for Excellence in Financial  
Reporting is presented by the Government Finance Officers  
Association of the United States and Canada to  
government units and public employee retirement  
systems whose comprehensive annual financial  
reports (CAFRs) achieve the highest  
standards in government accounting  
and financial reporting.



*Carla E. Perry*

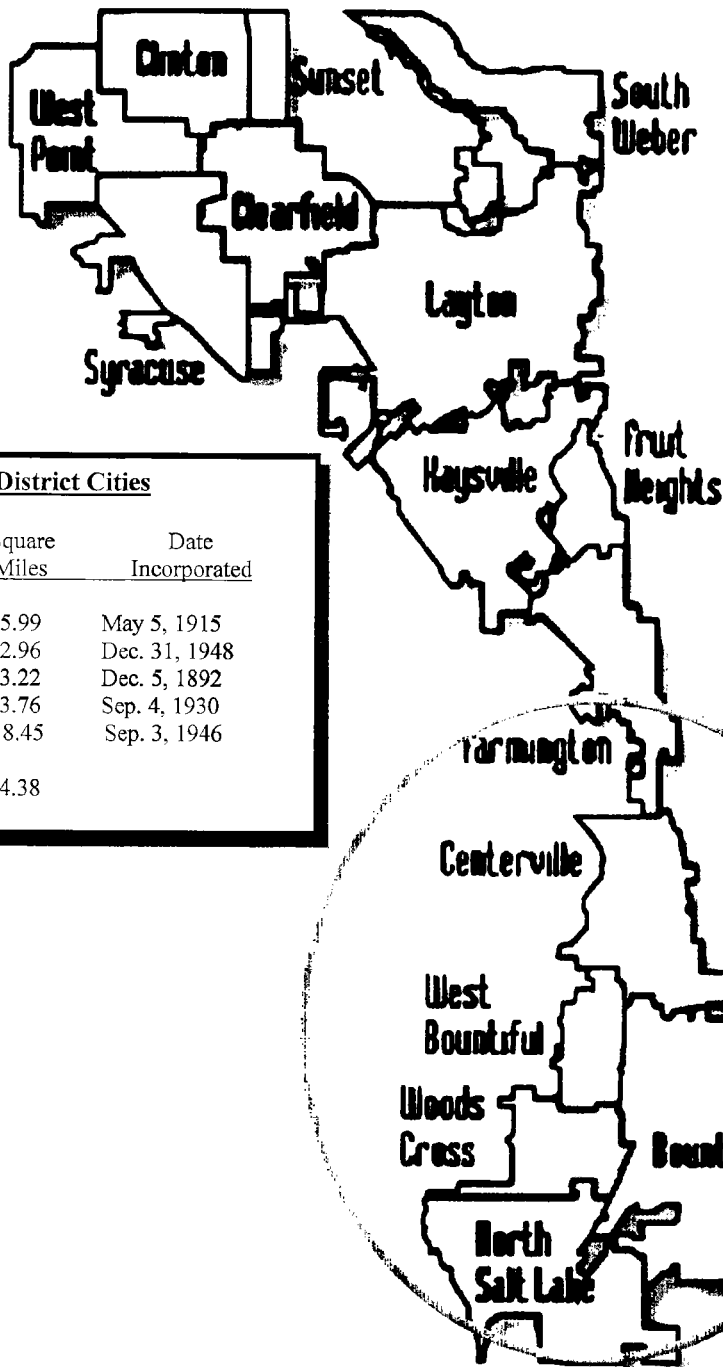
President

*Jeffrey R. Enen*

Executive Director



**SOUTH DAVIS SEWER DISTRICT**  
**Davis County Map of Cities**  
**For The Year Ending December 31, 2005**



South Davis Sewer District Cities

<u>City</u>	<u>Approximate Population (2004)</u>	<u>Square Miles</u>	<u>Date Incorporated</u>
Centerville	14,600	5.99	May 5, 1915
West Bountiful	5,000	2.96	Dec. 31, 1948
Bountiful	43,300	13.22	Dec. 5, 1892
Woods Cross	6,300	3.76	Sep. 4, 1930
North Salt Lake	10,500	8.45	Sep. 3, 1946
Totals	79,700	34.38	

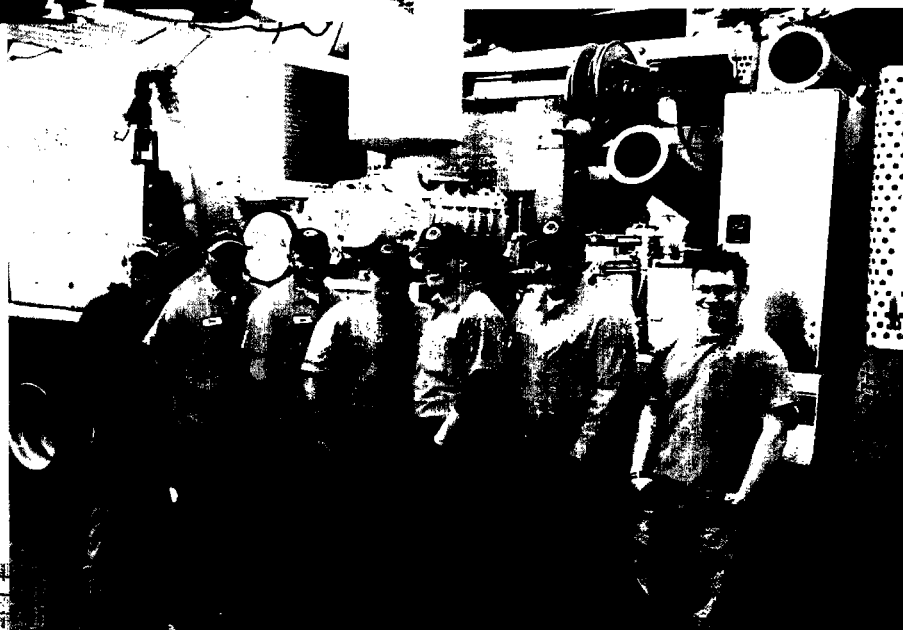


### **Administration & Office Staff**

Dal Wayment, Susanne Monsen, Shane Cole, Mark Madsen, DeRae Paget, Valerie Davis, & Mark Katter

### **Inspector and Collection System Operators**

Cory Neilson, Shane Fleming, Carl Trimming, John Davies, Brandon Rice, Marty Marsing, & Jayson Dlugas



### **Plant Maintenance & Operations Superintendent**

Mike Bradshaw, Zane Young, & Ed Marsing



**Industrial Pretreatment  
Administrator**

Lyndon Tan

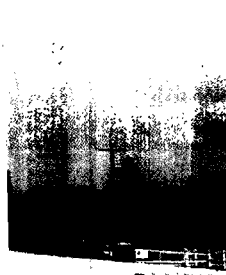
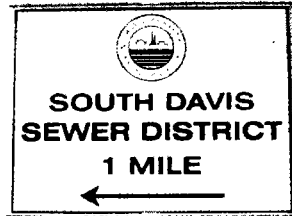
**South Plant Operators**

Eric Nemcek, Brent Maxwell,  
& Tim Munden



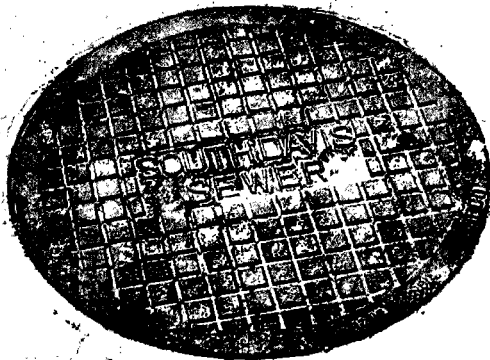
**North Plant Operators**

Corry King, Steve Rix  
& Earl Seely



### Re-Elected Board Members

Howard Burningham &  
Dean Mortensen



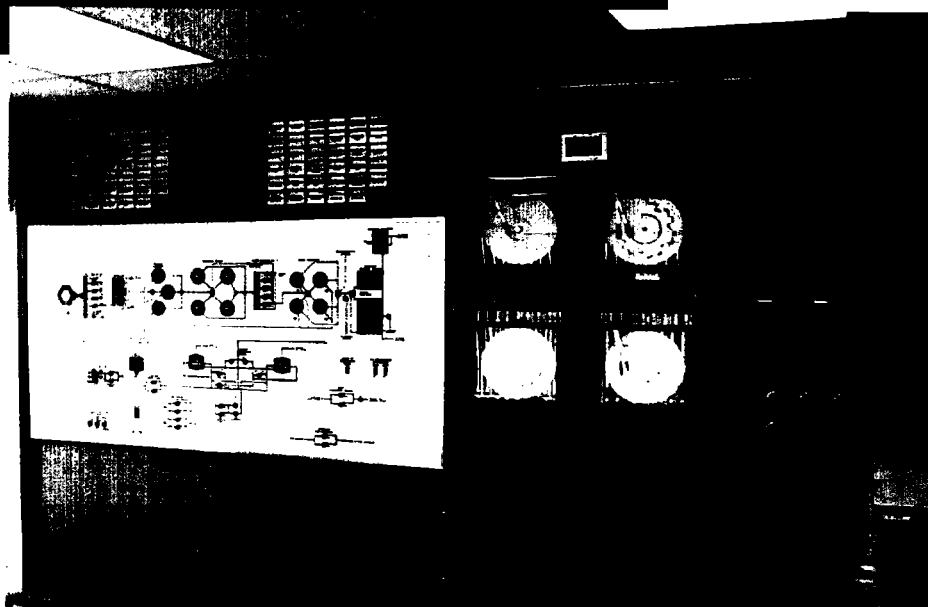
### District Employees Helping a Customer



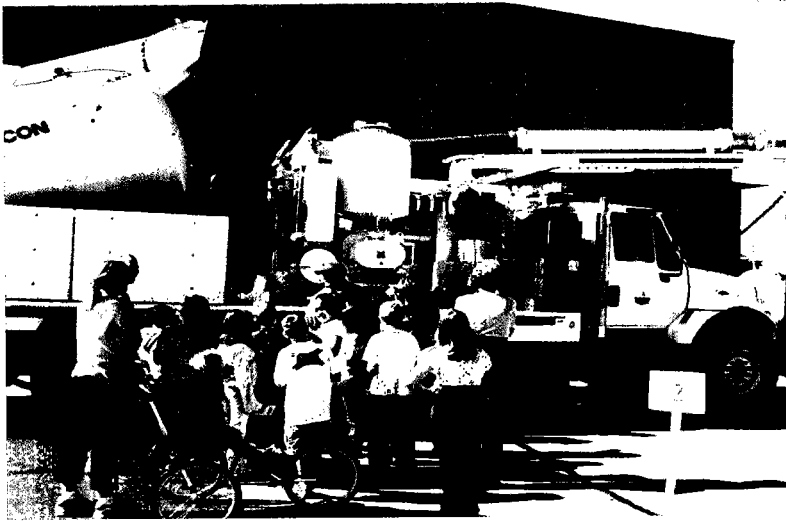


North Plant

North Plant  
Operation Control Panel



District Office



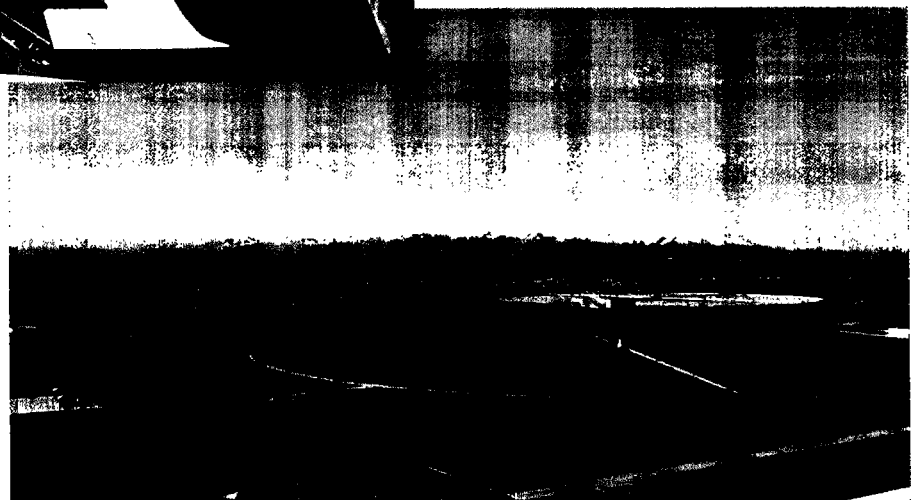
**Career Day**

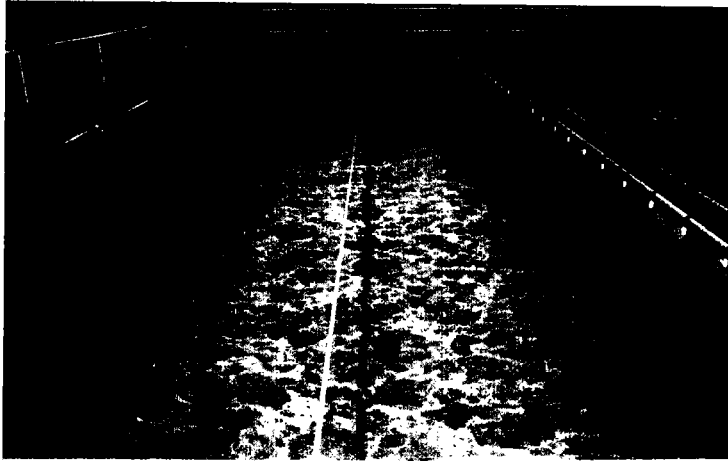
**Collection Department Meeting**



**Board of Trustees Meeting**

**North Plant  
Trickling Filters**





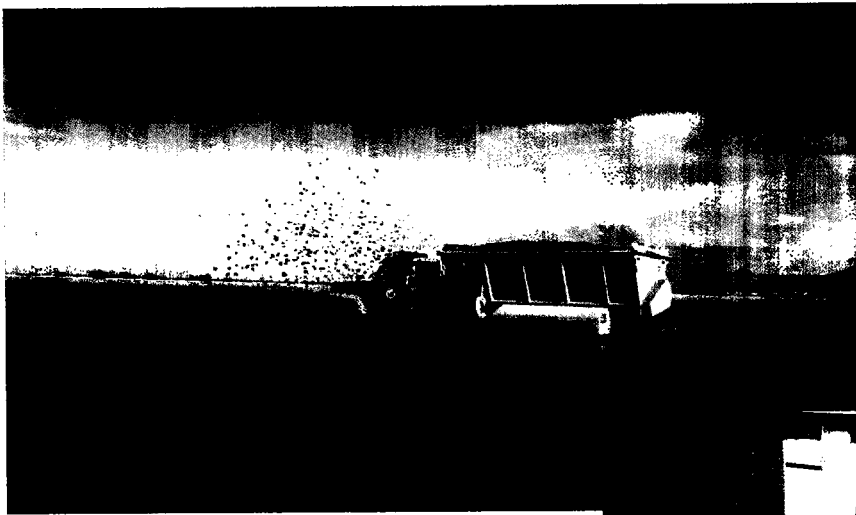
**Sandfilter System Rebuilt  
South Plant**

**Trenchless Technology  
Sewer Line Rehab**



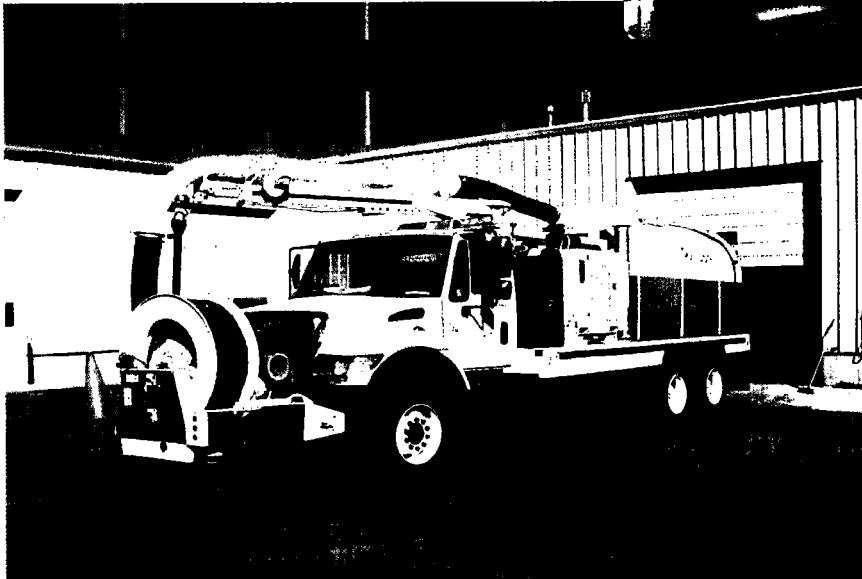
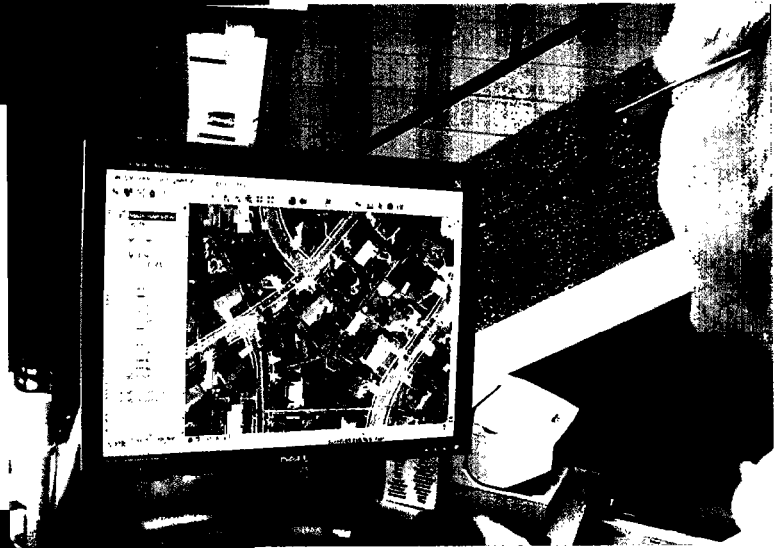
**Sheep Road Lift  
Station Built by  
District Employees**





**Land Application  
of Biosolids**

**GIS helps the District  
locate manholes and  
lines**



**New Vac-Con Jet  
Washer**

**Employee Safety Training**





# FINANCIAL SECTION





KARREN | HENDRIX | STAGG | ALLEN  
COMPANY

A Professional Corporation

Duane C. Karren, CPA  
R. Ted Stagg, CPA  
Ray H. Allen, CPA  
Danny L. Hendrix, CPA  
Terry L. Green, CPA  
G. John Runia, CPA  
Robert L. Archuleta, CPA  
Tim C. Rees, CPA

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
South Davis Sewer District  
West Bountiful, Utah

We have audited the accompanying financial statements of South Davis Sewer District (the "District"), as of and for the years ended December 31, 2005 and 2004, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

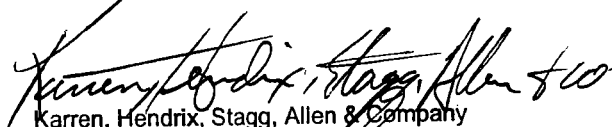
We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Davis Sewer District as of December 31, 2005 and 2004, and changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 1, 2006 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and Modified Approach for Eligible Infrastructure Assets on pages 30 through 37 and 55 through 57 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory section, other supplementary financial information and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the District. The other supplemental financial information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

  
Karren, Hendrix, Stagg, Allen & Company  
April 1, 2006

## Management's Discussion and Analysis

This section presents management's discussion and analysis of the financial position and performance of the South Davis Sewer District (District) for the year ended December 31, 2005. It is presented as a narrative overview and analysis of the financial activities of the District. Please read it in conjunction with the Letter of Transmittal in the Introductory Section (Pages 1-14), the financial statements, and other information which are presented in the Financial Section of this Comprehensive Annual Financial Report.

### Financial Highlights

- The assets of the District exceeded its liabilities at the close of fiscal year 2005 by \$50,136,194 (Net assets).
- The District's total net assets increased by \$5,380,033 (12%).
- As of the close of the current fiscal year, the District's cash, cash equivalents and investments, reported combined ending balances of \$14,864,451.
- The District's total debt was reduced by \$825,000 during the current fiscal year, a decrease of 29%. This was a result of refunding the revenue bonds in 2003 to a lower interest rate and a shorter maturity date.
- Impact Fees were \$1,639,086 which is a 39% increase over 2004, (761 sewer connections) the highest ever. Continuing low interest rates and high demand, drove the residential construction sector to record levels in Davis County.
- Interest Income from cash, cash equivalents, and investments was \$437,700. This was up \$159,716 from 2004 (57% increase).
- The contribution to capital revenue was \$3,138,477. This came from developers and contractors.
- Invested \$2,500,000 in a U. S. Government agency, Federal Home Loan Bank (FHLB) at 4.08%, settlement date 7/27/05, maturity date 4/27/07 (2.75 years).

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of the following; 1) the Statement of Net Assets, 2) the Statement of Revenues, Expenses and Changes in Net Assets, 3) the Statement of Cash Flows, 4) notes to the financial statements, 5) required supplementary information, 6) other supplementary information.

The financial statements of the District are designed to provide readers with a broad overview of the District's finances in a manner similar to the private sector business. The District is considered an Enterprise Fund. An Enterprise Fund is used to report an activity for which a fee is charged to external users for goods or services.

The *Statement of Net Assets* presents information on all the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Assets* presents information showing how the District's net assets changed during the years presented. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

The *Statement of Cash Flows* presents information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 44-54 of this report.

The *other information* is additional to the basic financial statements and accompanying notes. These reports present certain *required* and *non-required supplementary information* of the District. The required and non-required supplementary information can be found on pages 55-57, and 58-59, respectfully.

### **Financial Analysis of the District**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the South Davis Sewer District, assets exceeded liabilities by \$50,136,194 at the close of the 2005 fiscal year.

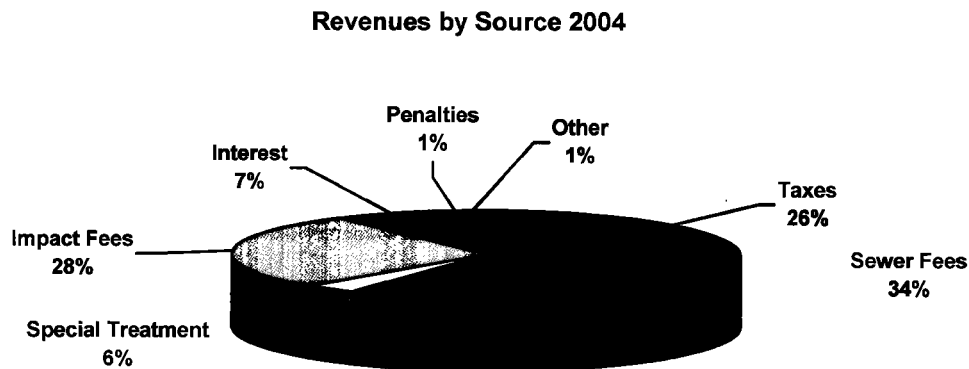
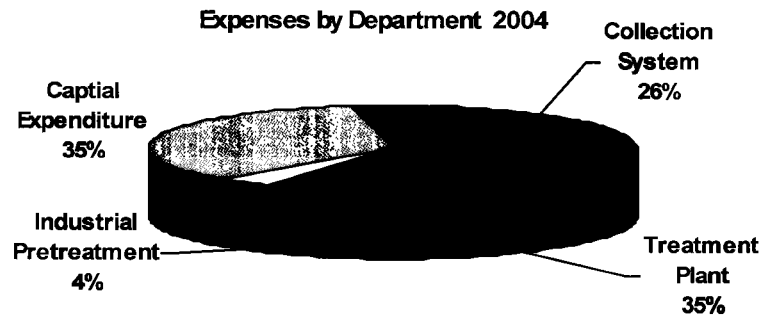
By far the largest portion of the District's net assets (71%) reflects its investments in capital assets (e.g. sewer lines, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its citizens (customers). The District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In 2005, the District's operating revenues increased by 9% (See Changes of Net Assets report), from \$2,079,972 in 2004 to \$2,272,914 in 2005. Non-operating net income decreased by \$1,750,973 in 2005. Total operating expenses increased by \$180,483 from \$3,125,208 in 2004, to \$3,305,691 in 2005. Key factors driving these results include:

- Sewer service revenue increased entirely from growth, not from rate increases. This growth was primarily from the construction of new homes. The District has not increased sewer service rates since 1988 and no rate increase is anticipated for 2006.
- The contribution to capital revenue, (adjusted for the Bountiful City sewer system addition of \$3,368,405 in 2004), increased by \$809,108, a 35% increase over 2004.
- Impact fee revenue increased from \$1,177,624 in 2004, to \$1,639,086 in 2005, an increase of 39%. Impact fee revenue (connection fees) has continued to increase since the year 2000. This is a result of the growth Davis County is experiencing.
- With the implementation of the *Modified Approach to Accounting for Infrastructure* in 2004, depreciation expense decreased 86% from \$1,497,531 in 2003 to \$212,581 in 2004. Depreciation expense for 2005 was \$277,159. The *Modified Approach* will be discussed in greater detail in this report.
- Salaries and benefit expenses increased primarily due to rising group health care costs of 18% and a salary cost of living increase of 4%.

# **South Davis Sewer District Statement of Net Assets**

	Fiscal Year 2005	Fiscal Year 2004	Dollar Change	Percent Change
Current and Other Assets	\$ 14,588,236	\$ 13,261,791	\$ 1,326,445	10%
Restricted Assets	793,500	793,500	-	0%
Capital Assets	37,352,866	34,090,325	3,262,561	10%
<b>Total Assets</b>	<b>52,734,622</b>	<b>48,145,616</b>	<b>\$ 4,589,006</b>	<b>10%</b>
Current Liabilities	1,147,394	1,309,818	(162,424)	-12%
Long Term Liabilities	1,451,034	2,079,637	(628,603)	-30%
<b>Total Liabilities</b>	<b>2,598,428</b>	<b>3,389,455</b>	<b>(791,027)</b>	<b>-23%</b>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	35,285,993	31,182,688	4,103,305	13%
Restricted	793,500	793,500	-	0%
Unrestricted	14,056,701	12,779,973	1,276,728	10%
<b>Total Net Assets</b>	<b>\$ 50,136,194</b>	<b>\$ 44,756,161</b>	<b>\$ 5,380,033</b>	<b>12%</b>



**SOUTH DAVIS SEWER DISTRICT**  
**Changes in Net Assets**

	Fiscal Year 2005	Fiscal Year 2004	Dollar Change	Percent Change
<b>Operating Revenues:</b>				
Sewer Service Fees	\$ 1,908,752	\$ 1,685,230	\$ 223,522	13%
Special Treatment Fees	195,397	208,120	(12,723)	-6%
Inspection & Project Fees	90,337	87,447	2,890	3%
Other	78,428	99,175	(20,747)	-21%
Total Operating Revenues	2,272,914	2,079,972	192,942	9%
<b>Operating Expenses:</b>				
Operating Expenses	1,476,567	1,360,500	116,067	9%
Salaries & Benefits	1,829,124	1,764,708	64,416	4%
Depreciation	277,159	212,581	64,578	30%
Total Operating Expenses	3,582,850	3,337,789	245,061	7%
<b>Non-Operating Revenue (Expense)</b>				
General Property Tax	1,510,748	1,654,738	(143,990)	-9%
Impact Fees	1,639,086	1,177,624	461,462	39%
Penalties	55,921	20,090	35,831	178%
Contributed Capital	3,138,477	5,467,846	(2,329,369)	-43%
Interest Income	437,700	277,984	159,716	57%
Gain (Loss) on Disposal of Property	11,779	(16,841)	28,620	-170%
Interest Expense	(59,055)	(97,881)	38,826	-40%
Net Change in Fair Value of Investments	(44,687)	(42,797)	(1,890)	-4%
Total Non-Operating Revenue (Expense)	6,689,969	8,440,763	(1,750,794)	-21%
Income (Loss) Before Contributions	2,241,556	1,715,100	526,456	31%
Capital Contributions - Assets	3,138,477	5,467,846	(2,329,369)	-43%
Increase in Net Assets	5,380,033	7,182,946	(1,802,913)	-25%
Net Assets at Beginning of Year	44,756,161	37,573,215	7,182,946	19%
Net Assets at End of Year	\$ 50,136,194	\$ 44,756,161	\$ 5,380,033	12%

**Budgetary Highlights**

During the 2005 budget year, there was a \$808,088 decrease in the capital expenditure (non-operating) final amended budget compared to the actual capital expenditures. The following are the main components of this decrease:

- \$2,845,000 was budgeted for a possible water reuse project with the City of North Salt Lake. This did not occur in 2005 and was amended to \$120,000.
- \$522,000 was budgeted for the purchase of mobile equipment. \$341,196 was actually spent, (31% below budget). This included the purchase of trucks, a jet washer and a TV van.
- \$450,000 was budgeted for acquisition of land adjacent to the North Plant. This property was not purchased in 2005 and is budgeted for the year 2006.

The positive variance in budgeted revenues primarily came from impact fees (\$459,086), sewer service fees, (\$43,638) sewer special treatment fees (\$80,397), penalties (\$25,921), project fees (\$12,100) and interest income (\$67,700). This is a result of an upswing in the economy and the continued growth in the District.

Operating expenses were \$65,365 under budget. This variance is due to the reduction in employees, and effectively managing operating expenses. A schedule of revenues and expenditures, budget to actual, can be found in the other supplemental information section on pages 58-59 gives more detail.

## Cash and Investments

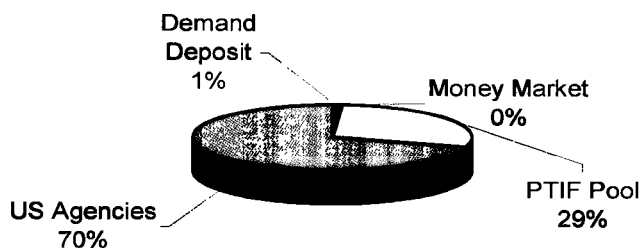
The District's cash that is temporarily idle during the year is invested with the Utah Public Treasurer's Investment Fund (PTIF). The District feels that the safety, liquidity, and return provided by the PTIF is the best overall investment and management of its cash assets for the short-term. The average interest rate paid by the PTIF for 2005 was 3.25% (87% Increase from 2004 average rate) which was very competitive, compared to other short-term investments in the market. A ten year history of the PTIF interest rates is found in the miscellaneous statistical section on page 83.

The District has two demand deposit accounts and one money market account, all of which earn interest. The interest earned in these three accounts is immaterial, because the account balances are small. As mentioned in the above paragraph, most of the idle cash is in higher interest paying accounts.

Reserves in the amount of \$10,080,000 have been invested directly by the District in callable government agencies. These investments pay interest semi-annually, and the agent for these investments is Zions First National Bank, Capital Markets. The following table summarizes these investments:

Investment	Amount	Rate	Interest Date	Interest Payment
FMMC Settlement Date 08/06/03 Maturity Date 02/06/06	\$2,500,000	2.10%	02/06/05 08/06/05 02/06/06	\$26,250 \$26,250 \$26,250
FNMA Settlement Date 08/04/03 Maturity Date 08/04/06	\$2,500,000	2.41%	02/04/05 08/04/05 02/04/06 08/04/06	\$30,125 \$30,125 \$30,125 \$30,125
FHLB Settlement Date 08/0/04 Maturity Date 08/03/07	\$2,500,000	3.60%	02/05/05 08/05/05 02/05/06 08/05/06	\$45,000 \$45,000 \$45,000 \$45,000
FHLB Settlement Date 07/27/05 Maturity Date 04/27/07	\$2,580,000	4.08%	01/27/06 07/27/06	\$52,632 \$52,632

### Cash, Cash Equivalents, and Investments



Because of the higher rate of return on these government agency investments, higher interest rates, and the refunding of revenue bonds in 2003, the net interest (the difference between

interest income and interest expense) earned per month is was an average of \$28,640 for 2005. This was a 106% increase over 2004.

The Utah State Money Management Act sets forth investment limitations and standards for proper cash management for local government agencies. The Act also defines the type of securities the District is allowed to invest in. The District always follows the requirements of the Money Management Act.

### Capital Assets

At the end of 2005, there was \$52,826,840 was invested in a range of capital assets including land, buildings, plant facilities, biosolids management, collection system, and equipment. This represents a net increase of 6% over 2004 as shown in the table below:

#### Property and Equipment at Cost

	Fiscal Year		Fiscal Year		Dollar	Percent
	2005		2004		Change	Change
Land	\$	73,694	\$	73,694	\$ -	0%
Buildings & Facilities		19,542,390		19,715,072	(172,682)	-1%
Outfall/Sewer Lines		30,005,311		27,081,824	2,923,487	11%
Equipment		2,905,445		2,538,161	367,284	14%
Total	\$	52,526,840	\$	49,408,751	\$ 3,118,089	6%

The most significant addition was from developer's contributions of sewer lines. This was \$2,923,487.

The District spent \$435,632 on the maintenance and rehabilitation of the collection system and treatment plant assets. Studies have shown for every dollar of preventative maintenance spent in the first 10 years of an asset, you save \$4-5 over the second 10 years (the Iowa Department of Transportation). The District has an aggressive asset management program to prolong the useful life of its assets.

This year's capital asset additions included:

Developer contributions of sewer lines	\$2,923,487
Buildings & Facilities	196,116
Equipment	81,918
Mobile Equipment	354,574
<b>Total</b>	<b>\$3,556,091</b>

Additional information on the District's capital assets can be found in note 3 on pages 49-50 and on pages 89-91 in the statistical section of this report.

### Debt Administration

Because of the low interest rates in 2003, on October 1, 2003, the District refunded its two revenue bonds outstanding (1989 and 1992 series). This bond refunding accelerated the maturity date of the 1989 and 1992 revenue bond series from the years 2010 and 2013, respectfully, to the year 2008, and a reduction of \$723,553 of interest expense over the schedule of the bond.

As of year-end, this issue had an outstanding principle balance of \$2,020,000 versus \$2,845,000 last year (2004), which is a decrease of 29%.

The following table is a payment schedule of the 2003 Revenue Refunding bond:



**2003 Revenue Refunding Bond  
Debt Service Schedule**

<b>Date</b>	<b>Principle</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P &amp; I</b>	<b>Fiscal Total</b>
6/15/2004			\$ 69,497.22	\$ 69,497.22	
12/15/2004	\$ 790,000.00	3.00%	49,250.00	839,250.00	\$ 908,747.22
6/15/2005			37,400.00	37,400.00	
12/15/2005	\$ 825,000.00	2.50%	37,400.00	862,400.00	\$ 899,800.00
6/15/2006			27,087.50	27,087.50	
12/15/2006	\$ 850,000.00	2.50%	27,087.50	877,087.50	\$ 904,175.00
6/15/2007			16,462.50	16,462.50	
12/15/2007	\$ 870,000.00	2.75%	16,462.50	886,462.50	\$ 902,925.00
6/15/2008			4,500.00	4,500.00	
12/15/2008	\$ 300,000.00	3.00%	4,500.00	304,500.00	\$ 309,000.00
<b>Total</b>	<b>\$ 3,635,000.00</b>		<b>\$ 289,647.22</b>	<b>\$ 3,924,647.22</b>	<b>\$ 3,924,647.22</b>

The 2003 Revenue Refunding Bonds have been rated "Aaa" by Moody's bond rating service. Moody's has also assigned an underlying rating of "A2". Such ratings reflect only the view of the rating service, and an explanation of the significance of such ratings maybe obtained from the rating service.

More information on the District's debt can be found on page 76 in the statistical section of this report. The District has no other short-term or long-term debt. No bond issuance is contemplated in the near future.

**Modified Approach to Accounting for Infrastructure**

Starting January 1, 2004, the District elected to use the *Modified Approach* instead of the *Depreciation Approach* to accounts for its collection system and treatment plant facilities as defined by GASB Statement No. 34. The modified approach reflects a more accurate portrayal of infrastructure value. Using the depreciation approach does not take into account the value added or maintained due to maintenance and rehabilitation efforts. The District's Asset Management Plan (AMP) defines a condition rating scale between 1 and 5, with 1 being very good and 5 being very poor. The target levels of service are a rating between 1 and 3. Funds totaling \$1,212,000 were budgeted in 2006 to rehabilitate and correct those identified deficiencies in the collection and plant systems. The District has always budgeted significant funds for this purpose. Additional information about the modified approach can be found in the required supplementary information on pages 55-57 of this report.

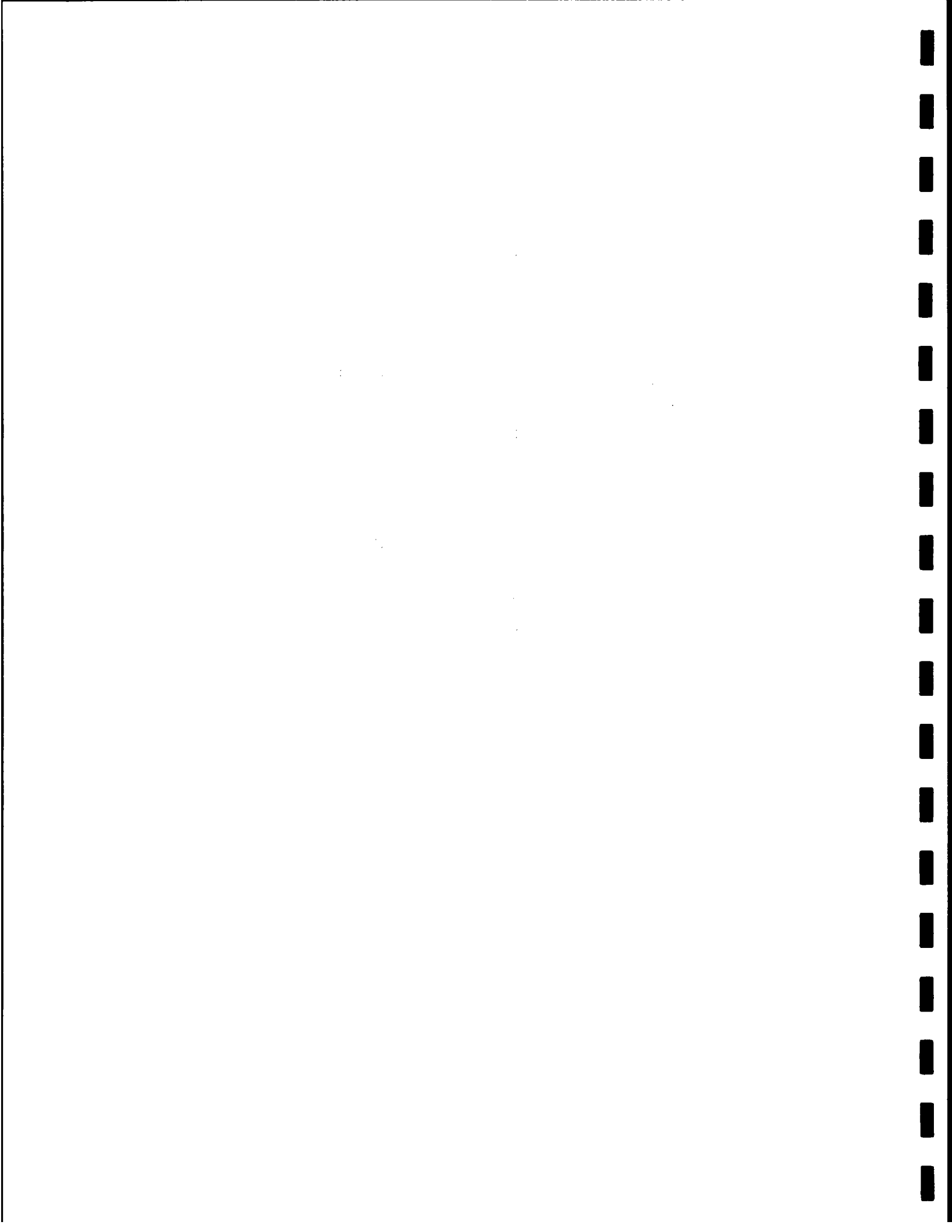
**Economic Factors, Next Year's Budgets, and Rates**

- The operating and maintenance costs (O&M) and debt service of the District are currently being covered by the existing user fees and property taxes. No rate increases are expected for 2006.
- The Utah Economic and Business Review (BERR) states, "Utah home builders should have another exceptional year in 2006. The market fundamentals for home building are extremely strong. There are no signs of serious overbuilding, mortgage rates are expected to average around 6.5 percent and net in-migration and employment are both projected to be near record levels".

- The formula for calculating the certified tax rate on real and personal property was modified to be based on the prior years *budgeted* revenues instead of *actual* revenues by the State Tax Commission. This change took effect for the 2004 fiscal year. No material changes in property tax revenue is anticipated for 2006.
- Impact fees and developer contributions were at record levels for 2005 due to the solid growth in construction. The BERR has projected 2006 construction in Davis County to remain strong. The District expects strong revenues from impact fees and developer contributions in 2006.
- Short-term interest rates have been trending upward for the 2<sup>nd</sup> half of 2005 and are continuing upward for the 1<sup>st</sup> quarter in 2006. This is positive for interest income for the District, conversely, the growth of the District could be affected if interest rates go too high and the construction and housing industry slow down.
- With the Legacy Parkway project receiving approval for construction, the District will have to relocate some of the sewer lines affected. Any expenses for these projects will be paid by the Utah Division of Transportation (UDOT).
- \$810,000 has been budgeted for maintenance and rehabilitation of the collection system. \$500,000 has been budgeted for the purchase of siloxane scrubbers and ancillary equipment for both treatment plants. \$475,000 has been budgeted for the acquisition of land for a building to store equipment.
- In 2004 and 2005 the District budgeted for water reuse in the City of North Salt Lake. The 2006 budget does not include this. As of December 31, 2005, the City of North Salt Lake is undecided if they want the District to provide this.

#### **Requests for Information**

This financial report is designed to provide a general overview of the South Davis Sewer District finances and to demonstrate accountability in its operations. If you have questions about this report or need additional information, please contact the District's General Manager or Accounting Manager at, 1800 W 1200 N, P O Box 4000, West Bountiful, Utah 84087-4000, by phone at (801) 295-3469, or e-mail at [dalwayment@qwest.net](mailto:dalwayment@qwest.net) or [markkatter@qwest.net](mailto:markkatter@qwest.net)



# **SOUTH DAVIS SEWER DISTRICT**

## **Basic Financial Statements**

**For The Years Ended December 31, 2005 and 2004**



# SOUTH DAVIS SEWER DISTRICT

## Statements of Net Assets December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,870,536	\$ 5,097,070
Accounts receivable:		
Sewer service charges	120,751	158,282
Sewer service charges certified to county treasurer	40,187	23,141
Special treatment charges	42,184	24,798
Property taxes	95,000	159,268
Accrued interest	129,459	84,276
Inventory of construction and maintenance materials	49,612	23,648
Prepaid expenses	-	21,300
Total current assets	<u>4,347,729</u>	<u>5,591,783</u>
<b>RESTRICTED ASSETS</b>		
Cash equivalents restricted for revenue bond debt service	363,500	363,500
Cash equivalents restricted for renewal and replacement	<u>430,000</u>	<u>430,000</u>
Total restricted assets	<u>793,500</u>	<u>793,500</u>
<b>CAPITAL ASSETS, at cost</b>		
Nondepreciable capital assets	36,285,214	33,165,611
Depreciable capital assets, net	<u>1,067,672</u>	<u>924,714</u>
Net capital assets	<u>37,352,886</u>	<u>34,090,325</u>
<b>OTHER ASSETS</b>		
Investments	9,972,703	7,437,390
Reimbursable costs	222,715	172,500
Unamortized bond issue costs	<u>45,089</u>	<u>60,118</u>
Total other assets	<u>10,240,507</u>	<u>7,670,008</u>
<b>Total assets</b>	<u><u>\$ 52,734,622</u></u>	<u><u>\$ 48,145,616</u></u>

The notes to the financial statements are an integral part of this statement.

# SOUTH DAVIS SEWER DISTRICT

## Statements of Net Assets December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 158,444	\$ 103,117
Accrued payroll	41,527	37,610
Accrued payroll taxes	7,355	6,786
Performance deposits and retainage	87,700	104,300
Accrued bond interest	2,368	3,270
Current maturities of bonds payable	850,000	825,000
Total current liabilities	<u>1,147,394</u>	<u>1,080,083</u>
<b>LONG-TERM DEBT</b>		
Long-term portion of bonds payable	1,214,525	2,079,367
Accrued compensated absences	236,509	230,005
Net long-term debt	<u>1,451,034</u>	<u>2,309,372</u>
Total liabilities	<u>2,598,428</u>	<u>3,389,455</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	35,285,993	31,182,688
Restricted for:		
Future debt service	363,500	363,500
Renewal and replacement	430,000	430,000
Unrestricted	<u>14,056,701</u>	<u>12,779,973</u>
Total net assets	<u>50,136,194</u>	<u>44,756,161</u>
Total liabilities and net assets	<u>\$ 52,734,622</u>	<u>\$ 48,145,616</u>

The notes to the financial statements are an integral part of this statement.

# SOUTH DAVIS SEWER DISTRICT

## Statements of Revenues, Expenses and Changes in Net Assets For the Year Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
OPERATING REVENUES (pledged as security for revenue bonds)		
Sewer service charges	\$ 1,908,752	\$ 1,685,230
Sewer special treatment charges	195,397	208,120
Inspection, and project fees	90,337	87,447
Other	78,428	99,175
Total operating revenues	<u>2,272,914</u>	<u>2,079,972</u>
OPERATING EXPENSES BEFORE DEPRECIATION	<u>3,306,452</u>	<u>3,125,208</u>
NET OPERATING INCOME BEFORE DEPRECIATION	(1,033,538)	(1,045,236)
DEPRECIATION	<u>277,159</u>	<u>212,581</u>
NET LOSS FROM OPERATIONS	<u>(1,310,697)</u>	<u>(1,257,817)</u>
NON-OPERATING INCOME AND (EXPENSE)		
General property tax	1,510,748	1,654,738
Impact fees	1,639,086	1,177,624
Penalties	55,921	20,090
Interest income	437,700	277,984
Gain (loss) on sale of plant equipment	11,779	(16,841)
Surplus property sales	761	-
Bond interest and agent's fees	(59,055)	(97,881)
Net change in fair value of investments	(44,687)	(42,797)
Total non-operating income and (expense)	<u>3,552,253</u>	<u>2,972,917</u>
INCREASE IN NET ASSETS BEFORE CAPITAL CONTRIBUTIONS	2,241,556	1,715,100
Contributed capital	<u>3,138,477</u>	<u>5,467,846</u>
INCREASE IN NET ASSETS	5,380,033	7,182,946
NET ASSETS, BEGINNING OF THE YEAR	<u>44,756,161</u>	<u>37,573,215</u>
NET ASSETS, END OF THE YEAR	<u>\$ 50,136,194</u>	<u>\$ 44,756,161</u>

The notes to the financial statements are an integral part of this statement.

# SOUTH DAVIS SEWER DISTRICT

## Statements of Cash Flows For the Year Ended December 31, 2005 and 2004

	2005	2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 2,197,585	\$ 1,914,933
Payments to suppliers of goods and services	(2,035,982)	(1,814,469)
Payments to employees for services	(1,259,032)	(1,242,049)
Other receipts	78,428	99,175
Net cash used by operating activities	<u>(1,019,001)</u>	<u>(1,042,410)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Property taxes collected	1,575,016	1,705,993
Impact fees collected	1,639,086	1,177,624
Penalties collected	55,921	20,090
Net cash provided by noncapital financing activities	<u>3,270,023</u>	<u>2,903,707</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from the sale of fixed assets	26,761	39,000
Proceeds received as contributed capital	-	669,821
Additions to property, plant, equipment and construction in progress	(415,464)	(369,150)
Principal payments on bonds payable	(839,842)	(790,000)
Interest and agent fees paid on bonds	(44,928)	(118,748)
Refund of performance deposits and retainages	(16,600)	(21,000)
Net cash used by capital and related financial activities	<u>(1,290,073)</u>	<u>(590,077)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(2,580,000)	(2,500,000)
Interest income received	392,517	239,994
Net cash used by investing activities	<u>(2,187,483)</u>	<u>(2,260,006)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(1,226,534)</u>	<u>(988,786)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<u>5,890,570</u>	<u>6,879,356</u>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ 4,664,036</u>	<u>\$ 5,890,570</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET ASSETS:</b>		
Unrestricted cash and cash equivalents	\$ 3,870,536	\$ 5,097,070
Restricted cash and cash equivalents:		
Cash equivalents restricted for revenue bond debt service	363,500	363,500
Cash equivalents restricted for renewal and replacement	430,000	430,000
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ 4,664,036</u>	<u>\$ 5,890,570</u>
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Contributions of deeded collection lines and equipment	<u>\$ 3,138,477</u>	<u>\$ 5,023,846</u>

The notes to the financial statements are an integral part of this statement.



# SOUTH DAVIS SEWER DISTRICT

## Statements of Cash Flows For the Year Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net loss from operations	\$ (1,310,697)	\$ (1,257,817)
Adjustments to reconcile net loss from operations to net cash provided by operating activities:		
Depreciation	277,159	212,581
(Increase) decrease in:		
Accounts receivable:		
Sewer service charges	37,531	(65,557)
Sewer service charges certified to county treasurer	(17,046)	(251)
Special treatment charges	(17,386)	(56)
Inventory of construction and maintenance materials	(25,964)	(23,648)
Prepaid expenses	21,300	(21,300)
Reimbursed costs	(50,215)	29,471
Increase (decrease) in:		
Accounts payable	55,327	60,897
Accrued payroll	3,917	3,919
Accrued payroll taxes	569	710
Accrued compensated absences	6,504	18,641
Net cash used by operating activities	<u>\$ (1,019,001)</u>	<u>\$ (1,042,410)</u>

The notes to the financial statements are an integral part of this statement.

# **SOUTH DAVIS SEWER DISTRICT**

## **Notes to Financial Statements For the Years Ended December 31, 2005 and 2004**

### **1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

#### **History and Business Activity**

South Davis Sewer District (the "District") was established in 1959 to provide sewage collection and treatment services to the residents of South Davis County. The District serves the Cities of North Salt Lake, Woods Cross, Bountiful, West Bountiful, and Centerville as well as the unincorporated areas of South Davis County.

The District is governed by a seven member Board of Trustees. Each of the five incorporated cities included in the District's service area, appoint one member to the Board of Trustees, and the residents of the District at large elect two members during a municipal election. Members of the Board of Trustees serve four year terms and may be appointed or elected to an unlimited number of additional terms.

#### **Reporting Entity**

Based on the criterion identified in the Governmental Accounting Standards Board Statement No. 14, Management has determined that the District is not a component unit of another government entity, nor should the District include, in its basic statements, other government entities as component units.

#### **Basis of Accounting**

The District is a governmental unit that is accounted for as a business-type activity. The District's basic financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. The District has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, to apply all applicable pronouncements of the Governmental Accounting Standards Board ("GASB") as well as any applicable pronouncements of the Financial Accounting Standards Board ("FASB"), Accounting Principles Board ("APB"), and Accounting Research Bulletins ("ARB"), issued after November 30, 1989.

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statements of net assets. Net assets (i.e. total assets net of total liabilities) are segregated into the following categories: invested in capital assets, net of related debt; restricted for debt service; and unrestricted components.

#### **Net Assets**

The District's net assets are classified as follows:

- *Invested in capital assets, net of related debt*—This component of net assets consists of the District's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds that are attributable to the acquisition, constriction or improvement of those assets.
- *Restricted*—This component of net assets consists of constraints imposed by creditors (such as debt covenants and/or sinking fund requirements).
- *Unrestricted*—This component of net assets consists of net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted."

#### **Budgetary Accounting**

The District is required by state statute to adopt a budget prior to the beginning of each fiscal year. The District prepares and reports its budget on a basis consistent with GAAP with the following exceptions:

- Bond principal payments are budgeted as nonoperating expenditures.
- Depreciation is not budgeted.
- Capital expenditures are budgeted as nonoperating expenditures.

The budgetary report is reconciled to the basic financial statements (GAAP basis) as noted in the other supplementary information found on pages 58 to 59.

# **SOUTH DAVIS SEWER DISTRICT**

## **Notes to Financial Statements For the Years Ended December 31, 2005 and 2004**

### **Classification of Revenue**

- **Operating revenues**—Operating revenues include activities that have the characteristics of exchange transactions such as sewer service charges, sewer special treatment charges, and inspection, and plan review fees.
- **Non-operating revenues**—Non-operating revenues include activities that have the characteristics of non-exchange transactions and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and GASB Statement No. 34. Examples of non-operating revenues would be property tax revenues, impact fees, penalties, contributed capital, interest income, and gain or loss on sale of assets.

### **Property Taxes**

Property tax revenue is collected and remitted by the Davis County Treasurer as an agent for the District.

### **Contributed Capital**

Contributed capital consists of reimbursements by land developers for the costs of installing irrigation systems in subdivisions or other developments. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, capital contributions are recorded as non-operating revenues.

### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, all investment instruments purchased with an original maturity of three months or less are considered to be cash equivalents.

### **Bad Debts and Allowance for Doubtful Accounts**

The District does not record bad debt expense or an allowance for doubtful accounts on delinquent fees. Unpaid fees are certified to the County and liens are attached to the related real estate.

### **Inventory Valuation**

Inventory is stated at the lower of cost or market on a first-in, first-out ("FIFO") basis.

### **Bond Issue Costs**

Bond issue costs are recorded as an asset and amortized over the life of the related bonds. Amortization is computed on the straight-line method, which approximates the effective interest method.

### **Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in computing property tax revenues and amounts receivable from the Davis County Treasurer for property taxes receivable. It is at least reasonably possible that the significant estimates used will change within the next year.

### **Capital Assets**

Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Costs include materials, transportation, and interest on funds borrowed to finance construction. Capital assets are categorized as either nondepreciable or depreciable capital assets.

- **Nondepreciable capital assets**—This category includes inexhaustible capital assets, such as land and land improvements, and eligible infrastructure assets reported using the "Modified Approach" as defined by GASB Statement No. 34. Under the Modified Approach, the cost of additions and improvements to eligible infrastructure assets should be capitalized. Additions or improvements increase the capacity or efficiency of infrastructure assets rather than preserve the useful life of the assets. All other expenditures that preserve the useful life of the assets are expensed in the period incurred. Infrastructure assets are eligible under the Modified Approach as long as the District manages the

# SOUTH DAVIS SEWER DISTRICT

## Notes to Financial Statements For the Years Ended December 31, 2005 and 2004

eligible infrastructure assets using an asset management system, and the District documents that the eligible infrastructure assets are being preserved approximately at (or above) a condition level established and disclosed by the District. [See additional information in the Required Supplementary Information (RSI)]

- **Depreciable capital assets**—Assets in this category included all capital assets not eligible under the Modified Approach. These assets are recorded at cost and contributed assets are valued at their estimated fair market value on the date of the contribution. Additions and improvements that significantly extend the useful life of an asset are capitalized, whereas maintenance and repair costs are charged to current period operating expenses. These assets are depreciated over their remaining useful lives.

Depreciation has been calculated over estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

- Machinery and equipment .....7—15 years
- Mobile equipment .....5—10 years
- Office furniture and equipment.....2—10 years

The cost and accumulated depreciation of property sold or retired is deducted from capital assets, and any profit or loss resulting from the disposal is credited or charged in the nonoperating section of the statements of revenues, expenses, and changes in net assets. Construction in progress primarily relates to upgrades of existing facilities.

### Interest Capitalization

The District follows Financial Accounting Standards Board Statement No. 62 concerning the capitalization of interest for qualifying assets. For the years ended December 31, 2005 and 2004, no interest was capitalized.

## 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The District follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of the District's funds in a "qualified depository." The Act defines "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal Government and that has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

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# SOUTH DAVIS SEWER DISTRICT

## Notes to Financial Statements For the Years Ended December 31, 2005 and 2004

### Deposits

Cash and cash equivalents consisted of the following:

	<u>2005</u>	<u>2004</u>
Unrestricted:		
Cash on deposit - demand and money market	\$ 166,428	\$ 81,412
Utah Public Treasurer's Investment Fund	<u>3,704,108</u>	<u>5,015,658</u>
Total unrestricted cash and cash equivalents	<u>3,870,536</u>	<u>5,097,070</u>
Restricted:		
Utah Public Treasurer's Investment Fund	<u>793,500</u>	<u>793,500</u>
Total restricted cash and cash equivalents	<u>793,500</u>	<u>793,500</u>
Total cash and cash equivalents	<u>\$ 4,664,036</u>	<u>\$ 5,890,570</u>

Certain of the District's assets are restricted by provisions of the revenue refunding bond covenants to have a Debt Service Reserve Account, maintained by the bond trustee, with a minimum balance of \$365,000. The balance in this account at December 31, 2005 and 2004 was \$365,000. The bond trustee invested, in the name of the District, the balance of this account in the Utah Public Treasurer's Investment Fund. In addition, the bond covenants require the District to maintain a Renewal and Replacement Reserve Fund with a minimum balance of \$430,000. These funds are maintained by the District and are also invested in the Utah Public Investment Treasurer's Fund. The total balance of this fund at December 31, 2005 and 2004 was \$430,000. The total balance of restricted deposits at December 31, 2005 and 2004 was \$793,500.

### Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it.

The District's bank deposits consisted of the following:

	<u>2005</u>	<u>2004</u>
Carrying amount	<u>\$ 165,907</u>	<u>\$ 217,609</u>
Bank balance:		
Covered by federal depository insurance	138,992	140,594
Uninsured and uncollateralized	<u>26,915</u>	<u>77,015</u>
Total	<u>\$ 165,907</u>	<u>\$ 217,609</u>

### Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the District and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services Standard and Poor's; bankers' acceptances, obligations of the U.S. Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund. All investments held by the District as December 31, 2005, comply with the provisions of the Act.

# SOUTH DAVIS SEWER DISTRICT

## Notes to Financial Statements For the Years Ended December 31, 2005 and 2004

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated*, 1953, as amended. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses – net of administration fees of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. Funds held in the PTIF by the District are considered cash equivalents due to their liquidity.

The District had the following investments and maturities:

December 31, 2005					
Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
Unrestricted:					
Investment - Farmer Mac	\$ 2,493,750	\$ 2,493,750	\$ -	\$ -	\$ -
Investment - Fannie Mae	2,467,750	2,467,750	-	-	-
Investment - Fed Home Ln Bank	2,554,203	-	2,554,203	-	-
Investment - Fed Home Ln Bank	2,457,000	-	2,457,000	-	-
Investment - Utah PTIF	3,704,108	3,704,108	-	-	-
Total unrestricted	13,676,811	8,665,608	5,011,203	-	-
Restricted:					
Investment - Utah PTIF	793,500	793,500	-	-	-
Total restricted	793,500	793,500	-	-	-
Total investments	\$ 14,470,311	\$ 9,459,108	\$ 5,011,203	\$ -	\$ -

December 31, 2004					
Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
Unrestricted:					
Investment - Farmer Mac	\$ 2,470,750	\$ -	\$ 2,470,750	\$ -	\$ -
Investment - Fannie Mae	2,490,000	-	2,490,000	-	-
Investment - Fed Home Ln Bank	2,476,640	-	2,476,640	-	-
Investment - Utah PTIF	5,015,658	5,015,658	-	-	-
Total unrestricted	12,453,048	5,015,658	7,437,390	-	-
Restricted:					
Investment - Utah PTIF	793,500	793,500	-	-	-
Total restricted	793,500	793,500	-	-	-
Total investments	\$ 13,246,548	\$ 5,809,158	\$ 7,437,390	\$ -	\$ -

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable

# SOUTH DAVIS SEWER DISTRICT

## Notes to Financial Statements For the Years Ended December 31, 2005 and 2004

deposits, and fixed rate corporate obligations to 270 – 365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

The District had the following investments and quality ratings:

December 31, 2005					
Investment Type	Fair Value	AAA	AA	A	Unrated
Investment - Farmer Mac	\$ 2,493,750	\$ 2,493,750	\$ -	\$ -	\$ -
Investment - Fannie Mae	2,467,750	2,467,750	-	-	-
Investment - Fed Home Ln Bank	2,554,203	2,554,203	-	-	-
Investment - Fed Home Ln Bank	2,457,000	2,457,000	-	-	-
Investment - Utah PTIF	4,497,608	-	-	-	4,497,608
Total investments	<u>\$ 14,470,311</u>	<u>\$ 9,972,703</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,497,608</u>

December 31, 2004					
Investment Type	Fair Value	AAA	AA	A	Unrated
Investment - Farmer Mac	\$ 2,470,750	\$ 2,470,750	\$ -	\$ -	\$ -
Investment - Fannie Mae	2,490,000	2,490,000	-	-	-
Investment - Fed Home Ln Bank	2,476,640	2,476,640	-	-	-
Investment - Utah PTIF	5,809,158	-	-	-	5,809,158
Total investments	<u>\$ 13,246,548</u>	<u>\$ 7,437,390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,809,158</u>

### 3. CAPITAL ASSETS

Effective January 1, 2004, the District elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its sewer treatment facility and collection system. As a result, no accumulated depreciation or depreciation expense has been recorded for the sewer treatment facility and collection system for the years ended December 31, 2005 and 2004. A more detailed discussion of the modified approach is presented in the Required Supplementary Information section immediately following the Notes to the Basic Financial Statements. All other capital assets were reported using the "Basic Approach." Under that approach, accumulated depreciation and depreciation expense have been recorded.

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# SOUTH DAVIS SEWER DISTRICT

## Notes to Financial Statements For the Years Ended December 31, 2005 and 2004

The changes in property, plant, and equipment for the year ended December 31, 2005, are as follows:

	12/31/2004	Increase	Decreases	12/31/2005
<b>Nondepreciable capital assets:</b>				
Land	\$ 73,694	\$ -	\$ -	\$ 73,694
Construction in progress	71,870	-	-	71,870
Infrastructure:				
Sewer treatment facility and collection system	46,725,026	3,119,603	(68,799)	49,775,830
Accumulated depreciation on infrastructure assets prior to January 1, 2005	(13,704,980)	-	68,799	(13,636,181)
<b>Total nondepreciable capital assets</b>	<b>33,165,610</b>	<b>3,119,603</b>	<b>-</b>	<b>36,285,213</b>
<b>Depreciable capital assets:</b>				
Machinery and equipment	617,132	72,092	-	689,224
Mobile equipment	1,537,167	354,575	(69,204)	1,822,538
Office furniture and equipment	383,862	9,821	-	393,683
<b>Total depreciable capital assets at historical cost</b>	<b>2,538,161</b>	<b>436,488</b>	<b>(69,204)</b>	<b>2,905,445</b>
<b>Less accumulated depreciation for:</b>				
Machinery and equipment	(337,401)	(80,116)	-	(417,517)
Mobile equipment	(1,024,513)	(165,135)	52,833	(1,136,815)
Office furniture and equipment	(251,532)	(31,908)	-	(283,440)
<b>Total accumulated depreciation</b>	<b>(1,613,446)</b>	<b>(277,159)</b>	<b>52,833</b>	<b>(1,837,772)</b>
Depreciable capital assets, net	924,715	159,329	(16,371)	1,067,673
<b>Total capital assets, net</b>	<b>\$ 34,090,325</b>	<b>\$ 3,278,932</b>	<b>\$ (16,371)</b>	<b>\$ 37,352,886</b>

The changes in property, plant, and equipment for the year ended December 31, 2004 are as follows:

	12/31/2003	Increase	Decreases	12/31/2004
<b>Nondepreciable capital assets:</b>				
Land	\$ 73,694	\$ -	\$ -	\$ 73,694
Construction in progress	1,197,148	-	(1,125,278)	71,870
Infrastructure:				
Sewer treatment facility and collection system	41,023,554	5,708,790	(7,318)	46,725,026
Accumulated depreciation on infrastructure assets prior to January 1, 2004	(13,712,298)	-	7,318	(13,704,980)
<b>Total nondepreciable capital assets</b>	<b>28,582,098</b>	<b>5,708,790</b>	<b>(1,125,278)</b>	<b>33,165,610</b>
<b>Depreciable capital assets:</b>				
Machinery and equipment	547,254	219,252	(149,374)	617,132
Mobile equipment	1,316,214	268,721	(47,768)	1,537,167
Office furniture and equipment	329,869	98,368	(44,375)	383,862
<b>Total depreciable capital assets at historical cost</b>	<b>2,193,337</b>	<b>586,341</b>	<b>(241,517)</b>	<b>2,538,161</b>
<b>Less accumulated depreciation for:</b>				
Machinery and equipment	(409,788)	(50,335)	122,722	(337,401)
Mobile equipment	(892,990)	(147,424)	15,901	(1,024,513)
Office furniture and equipment	(281,085)	(14,822)	44,375	(251,532)
<b>Total accumulated depreciation</b>	<b>(1,583,863)</b>	<b>(212,581)</b>	<b>182,998</b>	<b>(1,613,446)</b>
Depreciable capital assets, net	609,474	373,760	(58,519)	924,715
<b>Total capital assets, net</b>	<b>\$ 29,191,572</b>	<b>\$ 6,082,550</b>	<b>\$ (1,183,797)</b>	<b>\$ 34,090,325</b>



# SOUTH DAVIS SEWER DISTRICT

## Notes to Financial Statements For the Years Ended December 31, 2005 and 2004

### 4. LONG-TERM DEBT

#### **2003 Revenue Refunding Bonds**

In 2003 the District issued revenue bonds totaling \$3,635,000. The proceeds of the bonds were used to refund the 1989 Series Revenue Bonds and the 1992 Series Revenue Bonds. The 2003 Revenue Refunding Bonds were issued at a total premium of \$77,920. The premium is being amortized over the debt service period of the bonds. These bonds bear interest at 2.5% to 3%, and required principal debt service payments are due on December 15th of each year through 2008. Interest on the bonds is due semi-annually on June 15th and December 15th.

Changes to the District's long-term debt is as follows:

	2005	2004
Total long-term debt at beginning of year	\$ 2,845,000	\$ 3,635,000
Revenue bond retirements	-	-
Refunding revenue bond issuance	-	-
Refunding revenue bond retirements	(825,000)	(790,000)
Total long-term debt at end of year	2,020,000	2,845,000
Refunding revenue bond unamortized premium	44,525	59,637
Total long-term debt at end of year, net	2,064,525	2,904,637
Less current portion	(850,000)	(825,000)
Noncurrent portion	<u>\$ 1,214,525</u>	<u>\$ 2,079,637</u>

Future debt service payments are as follows:

<u>Year Ended December 31,</u>	Principal	Interest	Total
2006	850,000	54,176	904,176
2007	870,000	32,926	902,926
2008	300,000	9,000	309,000
Total bonds payable	<u>2,020,000</u>	<u>96,102</u>	<u>2,116,102</u>

The 2003 Series Bonds are not subject to redemption prior to maturity. The 2003 Series Revenue Refunding Bonds require a Debt Service Reserve Account of \$363,500. The balance in the Debt Service Reserve Account was \$363,500 at December 31, 2005 and 2004. The bond agreement also requires the District to maintain a Renewal and Replacement Reserve Fund of \$430,000. The balance in the Renewal and Replacement Reserve Fund was \$430,000 at December 31, 2005 and 2004.

These bonds are secured by a first lien on net revenues earned by the District. Net revenues are defined in the bond agreements. The District is required to establish user fees and rates that will yield net revenues equal to at least 125% of the following year's bond debt service requirement.

#### **Long-term compensation liability**

Long-term portion of accumulated unpaid compensation as at December 31, 2005 and 2004 was \$236,509 and \$230,005, respectively. Amounts are shown on the statement of net assets as "Accrued compensated absences."

# **SOUTH DAVIS SEWER DISTRICT**

## **Notes to Financial Statements For the Years Ended December 31, 2005 and 2004**

### **5. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has obtained commercial insurance coverage to reduce the risk of loss to a level acceptable by the Board.

The District's insurance policies in force at December 31, 2005 are as follows:

Type of Policy	Policy No.	Name of Company	Policy Period
General Liability Bodily Injury Personal Injury Property Damage Public Officials Errors & Omissions	13800-GL2006	Utah Local Governments Trust	1/1/06 to 1/1/07
Property	PX809764	Utah Local Governments Trust	7/1/05 to 7/1/06
Fidelity Bond	0601 69389583	ATP Insurance / CAN Surety	12/31/05 to 12/31/06
Workers Compensation	SI-903 13800	Utah Local Governments Trust	1/1/06 to 1/1/07
Notary Bonds	0601 53733328N 0601 53733328N01	ATP Insurance	3/12/06 to 3/12/10 3/12/06 to 3/12/10

Settled claims have not exceeded commercial excess coverage in any of the past three years.

### **6. LOCAL GOVERNMENTAL – COST SHARING PENSION PLAN**

#### **Plan Description**

The District contributes to the Local Governmental Contributory Retirement System (Contributory System) and the Local Governmental Noncontributory Retirement System (Noncontributory System) of the Utah Retirement Systems, both of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and require supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

The District also maintains a defined contribution 401(k) plan. The plan is available to all employees who meet certain age and length-of-service eligibility requirements. Mandatory contributions to the plan were required by Board resolution for certain employees who were employed as of December 31, 1986. Voluntary salary deferred contributions may be made by all eligible employees.

#### **Funding Policy**

Plan members are required to contribute a percent of their covered salary to the respective systems to which they belong. The District is required to contribute a percent of covered salary to the respective Systems. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

# SOUTH DAVIS SEWER DISTRICT

## Notes to Financial Statements For the Years Ended December 31, 2005 and 2004

The contribution rates in effect for calendar 2005 were as follows:

Utah Retirement Systems	Paid by Employee	Paid by Employer for Employee	Employer Contribution Rates
<u>January 2005 - June 2005</u>			
Contributory System:			
Local Government Division	N/A	6.0000%	7.080%
Noncontributory System:			
Local Government Division	N/A	N/A	11.090%
<u>July 2005 - December 2005</u>			
Contributory System:			
Local Government Division	N/A	6.0000%	7.080%
Noncontributory System:			
Local Government Division	N/A	N/A	11.090%

### Contributions

The District's contributions to the various systems for the year ended December 31, 2005 and the two previous years were as follows:

System	Year Ended 12/31	Employee Paid Contributions	Employer Paid for Employee Contributions	Employer Contributions	Salary Subject to Retirement Contributions
Contributory System:					
Local Government Division					
	2005	\$ -	\$ 13,577	\$ 16,021	\$ 226,287
	2004	-	12,827	13,585	213,775
	2003	-	12,306	10,560	205,108
Noncontributory System:					
Local Government Division					
	2005	\$ -	\$ -	\$ 94,607	\$ 853,080
	2004	-	-	82,240	794,709
	2003	-	-	68,631	749,374
Defined Contribution System:					
401(k) Plan					
	2005	\$ 60,130	\$ 15,335		
	2004	36,360	13,351		
	2003	32,140	12,060		

# **SOUTH DAVIS SEWER DISTRICT**

## **Notes to Financial Statements For the Years Ended December 31, 2005 and 2004**

### **7. PROPERTY TAX CALENDAR**

The District's property tax calendar is as follows:

Lien date ..... Jan. 1  
District notifies the County of date, time and place of public hearings. .... Mar. 1  
County Auditor sends valuation, certified tax rate and levy  
worksheets to District. .... Jun. 8  
District must adopt a proposed tax rate, certify the rate and levy,  
and submit to the County Auditor. .... Before Jun. 22  
District adopts a final tax rate. .... Jun. 22  
District adopts final budget. .... Dec. 15  
Copy of the budget is submitted to State Auditor. .... Within 30 days of adoption

### **8. COMPENSATED ABSENCES**

The District's employee benefits policy allows employees to accumulate benefits for unused compensated, vacation, and sick leave time to be paid upon termination or retirement. The accrued liabilities at December 31, 2005 and 2004 are reflected on the accompanying balance sheets as "Accrued compensated absences."

### **9. REIMBURSABLE COSTS**

The District incurred costs associated with the installation of lateral lines for several property owners that had previously been using septic tanks. The District will bill the property owner for these costs by amortizing the total costs over a period of thirty years. However, if a property owner sells or changes title to the property, the entire balance owed to the District at that time is due immediately. These costs were funded without any associated interest being charged to the property owners. The present value of the amount owed to the District would be less if the District were to impute an interest rate and discount the balance due. However, the District believes that the difference from the present carrying value and the estimated amount discounted for an imputed interest rate is immaterial.

### **10. RELATED PARTY TRANSACTIONS**

Board members and certain members of management live within the District's boundaries and are customers of the District. Transaction amounts and/or customer balances related to these transactions are zero or nominal.

# **REQUIRED SUPPLEMENTAL INFORMATION**



**SOUTH DAVIS SEWER DISTRICT**  
**Modified Approach for Eligible Infrastructure Assets**  
**For The Year Ended December 31, 2005**

In accordance with GASB Statement No. 34 the District is required to account for and report infrastructure capital assets. The District defines infrastructure as the basic physical assets of the collection system and treatment plant facilities. Infrastructure assets are capital assets which normally are stationary in nature and can be preserved for a significantly greater number of years than other capital assets. The District's major infrastructure system consists of the collection system and treatment plant facilities and can be divided into subsystems such as trunk lines, collection lines, manholes, lift stations, plant facilities, and other appurtenances. Subsystem detail is not presented in the basic financial statements. However, the District maintains detailed information on these subsystems.

The District has elected to use the "Modified Approach" as defined by GASB Statement No.34 for infrastructure reporting for its collection system and treatment plant facilities. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated if the following requirements are met:

1. The District manages the eligible infrastructure capital assets using an asset management system meeting the following minimum requirement: (A) have an up-to-date inventory; (B) perform condition assessments and summarize the results using a measurement scale; and (C) estimate annual amount to maintain and preserve at the established condition assessment level.
2. The District documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

The District commissioned a physical condition assessment of its collection system and treatment plant facilities beginning January 1, 2004. The District's objective is to complete an assessment annually of all infrastructure assets covered by its asset management system. In accordance with GASB Statement No. 34, note #3, the District's condition assessments will be performed, in part, using statistical samples that are representative of infrastructure assets. This allows the District to ensure that assets are maintained at a prescribed condition and analyze future funding needs. The District's collection system and treatment plant facilities are composed of approximately 332 miles of sewer lines, 8064 sections of line, 7288 manholes, 4 lift stations, and 2 treatment plant facilities, which treat approximately 10,000,000 gallons of wastewater daily.

The collection system had the following work orders for 2005, 2004 and 2003:

Crew	2005		2004		2003	
	Issued	Completed	Issued	Completed	Issued	Completed
CS Operators	396	375	642	542	186	151
MH Rehab Crew	153	65	326	243	162	123
Outside Contractor	124	43	62	24	40	16
Total	673	483	1030	809	388	290

Here are the results from the work orders from 2005 and 2004:

	2005	2004	Variance	Percent Change
Inspections Performed	2,358	2,693	(335)	-12.4%
Cleaning				
Sections	1,320	2,505	(1,185)	-47.3%
Footage	432,011	619,845	(187,834)	-30.3%
TV Work				
Sections	814	779	35	4.5%
Footage	175,409	198,537	(23,128)	-11.6%

Approximately 16% of the District's collection system was cleaned and 10% was inspected by closed circuit television (CCTV) in 2005.

The District expended \$595,568 on rehabilitation and replacement of the collection system and treatment plant facilities for the year ended December 31, 2005. These expenditures add service life to the asset. A study by the Iowa Department of Transportation reported that for every dollar of preventative maintenance spent in the first 10 years of an asset, you save \$4-5 over the second 10 years. The District has an aggressive asset management program to prolong the useful life of its assets.

The District is starting to use trenchless technology as a means of being more efficient in repairing and maintaining the collection system. \$150,000 is budgeted for 2006 to purchase trenchless technology equipment to complete trenchless rehabilitation projects of the collection system.

The District developed condition grade scales to provide a means of rating the assets during each condition assessment. The assets are assessed for several possible defects which are assigned a relative weight. Those weights are then normalized to sum to one (100%). The assigned condition grade score for each possible defect is multiplied by the normalized relative weight to yield a weighted defect score. The weighted defect scores are totaled for each asset, yielding a total asset rating that will range from 1 to 5. The total Asset Ratings and corresponding Levels of Service are summarized in the following table. The District has set a minimum service level of 3 (moderate/fair) for all infrastructure assets.

Level of Service	Total Asset Rating
1 – Very Good	= 1.0<TAR<1.5
2 – Good	= 1.5<TAR<2.5
3 – Moderate/Fair	= 2.5<TAR<3.5
4 – Poor	= 3.5<TAR<4.5
5 – Very Poor	= 4.5<TAR

During 2004, the District performed condition assessments of 3225 line segments for the collection system, calculated in accordance with GASB Statement No. 34 guideline. In addition, the District did an assessment of both treatment plant facilities, 6924 manholes and four lift stations. The condition assessment of the 3225 line segments identified 62 deficiencies in line segments and 80 deficiencies in manholes resulting in a condition level lower than established by the District. 100% of the deficiencies identified in the line segments and manholes were corrected in the year 2004. Two deficiencies in the treatment plants were identified. These are both Cogeneration systems at the North and South treatments plants. All of the lift stations and the remainder of the infrastructure assets were at or above the minimum service level. These results were within the estimated expectations of the District.

The following condition assessments were noted:

Condition	North Plant Treatment Plant Assets Assessed	South Plant Treatment Assets Assessed	Sewer Line Segments Assessed	Number of Manholes Assessed	Number of Lift Stations Assessed
1 - Very Good	28	21	3095	6468	3
2 - Good	1	2	3	193	1
3 - Moderate/Fair	1	1	65	183	
4 - Poor			62	80	
5 - Very Poor	*1	*1			

\* Cogeneration systems have been taken out of service due to problems with Siloxane and digester gas. Will remain out of service until a solution is found.

The actual amounts the District expended on rehabilitation of the collection system and treatment plant facilities over the current and past six reporting periods are as follows:

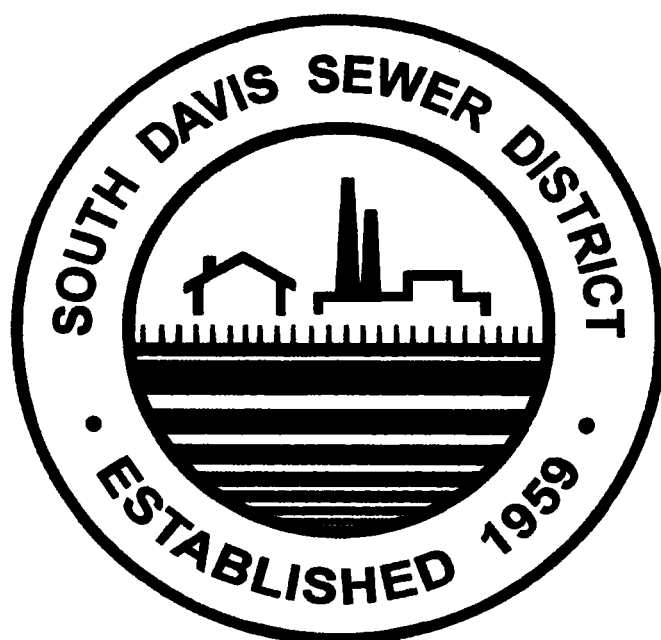
1999	\$1,317,655
2000	\$1,259,180
2001	\$793,410
2002	\$1,126,938
2003	\$984,207
2004	\$814,888
2005	\$595,568

The budget required to maintain and preserve the current overall condition through the year ended. December 31, 2030, is estimated to be \$1,014,085 per year. This figure was arrived at by taking the average expenditures from 1999 to 2005 and adding 3% for inflation (\$984,549 \*1.03).

Funds totaling \$1,912,000 have been budgeted for the fiscal year 2005 for the continued preservation and rehabilitation of the District's infrastructure assets.



# **SUPPLEMENTAL INFORMATION**



# SOUTH DAVIS SEWER DISTRICT

## Statements of Revenues and Expenditures (Budget Basis) Budget to Actual For the Year Ended December 31, 2005

	Original Budget	Final Budget	2005 Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
<u>Operating Revenues</u>				
Sewer service charges, net	\$ 1,825,000	\$ 1,864,000	\$ 1,908,752	\$ 44,752
Sewer special treatment charges	100,000	115,000	195,397	80,397
Inspection fees	15,000	20,000	25,437	5,437
Project fees	40,000	60,000	64,900	4,900
Permit fees	7,000	7,000	7,756	756
Sampling fees	10,000	10,000	9,100	(900)
Lab testing fees	65,000	65,000	53,885	(11,115)
Taxable sales	3,000	3,000	2,462	(538)
Miscellaneous income	3,000	6,000	5,225	(775)
Total operating revenues	<u>2,068,000</u>	<u>2,150,000</u>	<u>2,272,914</u>	<u>122,914</u>
<u>Nonoperating Revenues</u>				
Property taxes	1,536,000	1,598,000	1,510,748	(87,252)
Impact fees	500,000	1,180,000	1,639,086	459,086
Penalties	20,000	30,000	55,921	25,921
Interest income	185,000	370,000	437,700	67,700
Surplus property sales	90,000	90,000	761	(89,239)
Total nonoperating revenues	<u>2,331,000</u>	<u>3,268,000</u>	<u>3,644,216</u>	<u>376,216</u>
<b>TOTAL REVENUES</b>	<u>4,399,000</u>	<u>5,418,000</u>	<u>5,917,130</u>	<u>499,130</u>
<b>EXPENDITURES</b>				
<u>Operating Expenditures</u>				
Operating expenses	250,000	250,000	224,275	25,725
Utilities	171,000	175,000	204,196	(29,196)
Payroll and benefits	1,770,000	1,943,000	1,829,124	113,876
Biosolid disposal	10,000	1,000	1,019	(19)
No fault sewer back-up	20,000	20,000	2,364	17,636
Outside services	50,000	41,000	43,741	(2,741)
Chemicals	70,000	90,000	114,492	(24,492)
Lab testing	140,000	205,000	197,292	7,708
Transportation	23,000	36,000	41,431	(5,431)
Buildings and grounds	44,000	44,000	41,618	2,382
Office and computer	44,000	36,000	46,046	(10,046)
Insurance and bonds	65,000	52,000	85,027	(33,027)
Self insurance casualty	2,000	2,000	(92)	2,092
Audit	13,000	16,000	16,298	(298)
Education and training	20,000	24,000	22,803	1,197
Total operating expenditures	<u>2,692,000</u>	<u>2,935,000</u>	<u>2,869,634</u>	<u>65,366</u>
<u>Capital Expenditures</u>				
Capital outlay	<u>5,815,000</u>	<u>1,905,000</u>	<u>852,282</u>	<u>1,052,718</u>
Total capital expenditures	<u>5,815,000</u>	<u>1,905,000</u>	<u>852,282</u>	<u>1,052,718</u>

(Continued on next page)

# SOUTH DAVIS SEWER DISTRICT

## Statements of Revenues and Expenditures (Budget Basis) Budget to Actual For the Year Ended December 31, 2005

	Original Budget	Final Budget	2005 Actual	Variance Favorable (Unfavorable)
<i>(Continued from previous page)</i>				
<b><u>Other Nonoperating Expenditures</u></b>				
Debt service - bond principal	825,000	825,000	825,000	-
Debt service - interest and fees	75,000	75,000	59,770	15,230
Total other nonoperating expenditures	<u>900,000</u>	<u>900,000</u>	<u>884,770</u>	<u>15,230</u>
<b>TOTAL EXPENDITURES</b>	<u>9,407,000</u>	<u>5,740,000</u>	<u>4,606,686</u>	<u>1,133,314</u>
Excess (deficit) of revenues over expenditures "budget basis"	<u>\$ (5,008,000)</u>	<u>\$ (322,000)</u>	<u>\$ 1,310,444</u>	<u>\$ 1,632,444</u>
<b>RECONCILIATION OF BUDGET BASIS ACTUAL TO GAAP BASIS ACTUAL:</b>				
<b>Add Back:</b>				
Contributed capital			3,138,477	
Debt service - bond principal			825,000	
Capitalized capital expenditures			415,464	
Bond premium amortization			14,842	
Decrease in accrued bond interest			902	
<b>Deduct:</b>				
Net change in fair value of investments			(44,687)	
Basis in capital assets sold or disposed			11,779	
Depreciation expense			(277,159)	
Amortization of bond issue costs			<u>(15,029)</u>	
Increase in net assets, "GAAP basis"			<u>\$ 5,380,033</u>	

# STATISTICAL SECTION



# STATISTICAL SECTION

This part of the South Davis Sewer District's comprehensive annual financial report presents information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> <i>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</i>	<b>60</b>
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the District's most significant local revenue sources.</i>	<b>63</b>
<b>Debt Capacity</b> <i>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the ability to issue additional debt in the future.</i>	<b>76</b>
<b>Demographic and Economic Information</b> <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</i>	<b>79</b>
<b>Operating Information</b> <i>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the service the District provides and the activities it performs.</i>	<b>88</b>

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**SOUTH DAVIS SEWER DISTRICT**  
Statement of Net Assets  
Last Ten Fiscal Years

	2005	**2004	2003	**2002	2001	2000	1999	1998	1997	1996
<b>Assets</b>										
Current & Other Assets	\$ 14,588,236	\$ 13,261,791	\$ 11,739,397	\$ 11,009,309	\$ 12,035,263	\$ 11,624,458	\$ 11,334,970	\$ 10,745,679	\$ 9,400,539	\$ 9,525,774
Restricted Assets	793,500	793,500	794,430	956,815	1,133,535	1,133,535	1,139,599	1,133,535	1,133,535	1,133,535
Capital Assets	37,352,886	34,090,325	29,191,572	28,945,866	28,756,175	28,031,828	26,854,334	25,934,221	25,459,245	23,824,521
<b>Total Assets</b>	<b>\$ 52,734,622</b>	<b>\$ 48,145,616</b>	<b>\$ 41,725,399</b>	<b>\$ 40,911,990</b>	<b>\$ 41,924,973</b>	<b>\$ 40,789,821</b>	<b>\$ 39,328,903</b>	<b>\$ 37,813,435</b>	<b>\$ 35,993,319</b>	<b>\$ 34,483,830</b>
<b>Liabilities</b>										
Current Liabilities	\$ 1,147,394	\$ 1,309,818	\$ 1,208,651	\$ 1,016,815	\$ 1,383,922	\$ 1,179,380	\$ 1,056,895	\$ 955,778	\$ 968,562	\$ 867,108
Long Term Liabilities	1,451,034	2,079,637	2,943,533	5,113,815	7,762,922	8,286,380	7,818,500	8,503,000	9,161,500	9,794,477
<b>Total Liabilities</b>	<b>\$ 2,598,428</b>	<b>\$ 3,389,455</b>	<b>\$ 4,152,184</b>	<b>\$ 6,130,630</b>	<b>\$ 9,146,844</b>	<b>\$ 9,465,760</b>	<b>\$ 8,875,395</b>	<b>\$ 9,458,778</b>	<b>\$ 10,130,062</b>	<b>\$ 10,661,585</b>
<b>Net Assets:</b>										
Invested in Capital Assets	\$ 35,285,993	\$ 31,182,688	\$ 29,191,572	\$ 28,945,866	\$ 28,756,175	\$ 28,031,828	\$ 26,854,334	\$ 25,934,221	\$ 25,459,245	\$ 23,824,521
(Net of related debt)										
Restricted	793,500	793,500	794,430	956,815	1,133,535	1,133,535	1,139,599	1,133,535	1,133,535	1,133,535
Unrestricted	14,056,701	12,779,973	7,587,213	4,878,679	2,888,419	2,158,698	2,459,575	1,286,901	(729,523)	(1,135,811)
<b>Total Net Assets</b>	<b>\$ 50,136,194</b>	<b>\$ 44,756,161</b>	<b>\$ 37,573,215</b>	<b>\$ 34,781,360</b>	<b>\$ 32,778,129</b>	<b>\$ 31,324,061</b>	<b>\$ 30,453,508</b>	<b>\$ 28,354,657</b>	<b>\$ 25,863,257</b>	<b>\$ 23,822,245</b>

\*GASB Statement No 34 implemented

\*On 1/1/04 Bountiful City transferred it's sewer system to the District resulting in a \$3,368,405

\*\*GASB Statement No. 33 implemented, capital contributions are now in the Statement of Revenues, Expenses and Changes in Net Assets.

**SOUTH DAVIS SEWER DISTRICT**  
Statement of Changes in Net Assets  
Last Ten Fiscal Years

	2005	*2004	2003	**2002	2001	2000	1999	1998	1997	1996
<b>Operating Revenues</b>										
Sewer Service User Fees	\$ 1,908,752	\$ 1,685,230	\$ 1,496,348	\$ 1,451,046	\$ 1,430,813	\$ 1,379,280	\$ 1,357,290	\$ 1,329,122	\$ 1,281,936	\$ 1,255,831
Sewer Special Treatment Fees	195,397	208,120	231,953	268,714	321,480	298,865	343,849	266,886	261,331	304,339
Inspection & Project Fees	90,337	87,447	104,367	64,837	39,360	60,210	84,750	30,270	56,070	46,260
Other	78,428	99,175	61,984	14,101	42,511	20,292	8,083	43,082	57,717	44,609
<b>Total Operating Revenue</b>	<b>\$ 2,272,914</b>	<b>\$ 2,079,972</b>	<b>\$ 1,894,652</b>	<b>\$ 1,798,698</b>	<b>\$ 1,834,164</b>	<b>\$ 1,758,647</b>	<b>\$ 1,793,972</b>	<b>\$ 1,669,360</b>	<b>\$ 1,657,054</b>	<b>\$ 1,651,039</b>
<b>Operating Expenses</b>										
Operating & Maintenance	\$ 3,305,691	\$ 3,125,208	\$ 2,366,135	\$ 2,485,066	\$ 2,299,468	\$ 2,057,887	\$ 2,016,588	\$ 1,858,085	\$ 1,813,086	\$ 1,833,621
Depreciation	277,159	212,581	1,497,531	1,421,443	1,308,064	1,254,438	1,296,774	1,218,237	1,124,915	999,805
<b>Total Operating Expenses</b>	<b>\$ 3,582,850</b>	<b>\$ 3,337,789</b>	<b>\$ 3,863,666</b>	<b>\$ 3,906,509</b>	<b>\$ 3,607,532</b>	<b>\$ 3,312,325</b>	<b>\$ 3,313,342</b>	<b>\$ 3,076,322</b>	<b>\$ 2,938,001</b>	<b>\$ 2,833,426</b>
<b>Non-Operating Revenue (Expense)</b>										
General Property Tax	\$ 1,510,748	\$ 1,654,738	\$ 1,460,645	\$ 1,367,164	\$ 1,244,637	\$ 1,319,561	\$ 1,514,336	\$ 1,460,252	\$ 1,365,397	\$ 1,351,049
Impact Fees	1,639,086	1,177,624	908,085	817,140	781,945	751,670	841,107	816,533	590,225	338,929
Penalties	55,921	20,090	20,354	25,027	30,807	23,702	20,792	122,252	22,110	27,214
Contributed Capital	3,138,477	5,467,846	1,301,278	1,332,678	-	-	-	-	-	-
Interest Income	437,700	277,984	295,478	311,617	566,158	803,735	659,829	616,839	614,919	605,072
Gain (Loss) on Disposal of Property	11,779	(16,841)	19,901	20,859	(15,978)	22,963	8,678	(4,355)	15,758	(4,121)
Interest Expense	(59,055)	(97,881)	(149,686)	(233,890)	(313,540)	(340,510)	(366,430)	(391,750)	(415,250)	(437,190)
Net Change in Fair Value of Investments	(44,687)	(42,797)	(112,001)	103,340	-	-	-	-	-	-
<b>Total Non-Operating Revenue (Expense)</b>	<b>\$ 6,689,969</b>	<b>\$ 8,440,763</b>	<b>\$ 3,744,054</b>	<b>\$ 3,743,935</b>	<b>\$ 2,294,029</b>	<b>\$ 2,581,121</b>	<b>\$ 2,678,312</b>	<b>\$ 2,619,771</b>	<b>\$ 2,193,159</b>	<b>\$ 1,880,953</b>
Income (Loss) Before Contributions	\$ 2,241,556	\$ 1,715,100	\$ 473,762	\$ 303,446	\$ 520,661	\$ 1,027,443	\$ 1,158,942	\$ 1,212,809	\$ 912,212	\$ 698,566
Capital Contributions - Assets	3,138,477	5,467,846	1,301,278	1,332,678	1,137,949	1,022,490	939,909	1,278,591	1,579,188	2,926,966
<b>Increase in Net Assets</b>	<b>\$ 5,380,033</b>	<b>\$ 7,182,946</b>	<b>\$ 1,775,040</b>	<b>\$ 1,636,124</b>	<b>\$ 1,658,610</b>	<b>\$ 2,049,933</b>	<b>\$ 2,098,851</b>	<b>\$ 2,491,400</b>	<b>\$ 2,491,400</b>	<b>\$ 3,625,532</b>
Net Assets at Beginning of Year	44,756,161	37,573,215	35,798,175	34,162,051	32,503,441	30,453,508	28,354,657	25,863,257	25,863,257	22,237,725
Net Assets at End of Year	50,136,194	44,756,161	37,573,215	35,798,175	34,162,051	32,503,441	30,453,508	28,354,657	28,354,657	25,863,257

\*GASB Statement No 34 Implemented

\*On 1/1/04 Bountiful City transferred it's sewer system to the District resulting in a \$3,368,405

\*\*GASB Statement No. 33 Implemented, capital contributions are now in the Statement of Revenues, Expenses and Changes in Net Assets.

**SOUTH DAVIS SEWER DISTRICT**  
Schedule of Net Revenue and Aggregate Debt Service  
Last Ten Fiscal Years

	2005	*2004	2003	**2002	2001	2000	1999	1998	1997	1996
<b>Net Revenues</b>										
Operating Revenues	\$ 2,272,914	\$ 2,079,972	\$ 1,894,652	\$ 1,798,698	\$ 1,834,164	\$ 1,758,647	\$ 1,793,972	\$ 1,669,380	\$ 1,657,054	\$ 1,651,039
Operating Expenses	(3,305,601)	(3,125,206)	(2,366,135)	(2,485,066)	(2,299,468)	(2,057,867)	(2,016,568)	(1,858,085)	(1,813,086)	(1,833,621)
(excluding depreciation & amortization)										
General Property Tax	1,510,748	1,654,738	1,460,645	1,367,164	1,244,637	1,319,561	1,514,336	1,460,252	1,365,397	1,351,049
Impact Fees	1,639,086	1,177,624	908,085	817,140	781,945	751,670	841,107	816,533	590,225	338,929
Penalties	55,921	20,090	20,354	25,027	30,807	23,702	20,792	122,252	22,110	27,214
Interest Income	437,700	277,984	295,478	311,617	566,158	803,735	659,829	616,839	614,919	605,072
<b>Total Net Revenues</b>	\$ 2,610,678	\$ 2,085,200	\$ 2,213,079	\$ 1,834,580	\$ 2,158,243	\$ 2,599,428	\$ 2,813,468	\$ 2,827,151	\$ 2,436,619	\$ 2,139,682
<b>Net Revenues Excluding Impact Fees</b>										
Net Revenues	2,610,678	2,085,200	2,213,079	1,834,580	2,158,243	2,599,428	2,813,468	2,827,151	2,436,619	2,139,682
Impact Fees	(1,639,086)	(1,177,624)	(908,085)	(817,140)	(781,945)	(751,670)	(841,107)	(816,533)	(590,225)	(338,929)
<b>Net Revenues Excluding Impact Fees</b>	\$ 971,592	\$ 907,576	\$ 1,304,994	\$ 1,017,440	\$ 1,376,298	\$ 1,847,758	\$ 1,972,361	\$ 2,010,618	\$ 1,846,394	\$ 1,800,753
<b>Aggregate Debt Service*</b>										
	\$ 899,800	\$ 908,747	\$ 1,064,280	\$ 2,991,100	\$ 1,027,000	\$ 1,025,010	\$ 1,024,930	\$ 1,025,250	\$ 1,025,227	\$ 1,024,690

Ratio of Net Revenues to Aggregate Debt Service	2.90	2.29	2.08	0.61	2.10	2.54	2.75	2.76	2.38	2.09
Ratio of Net Revenues to Aggregate Debt Service (Excluding Impact Fees)	1.08	1.00	1.23	0.34	1.34	1.80	1.92	1.96	1.80	1.76
Minimum Ratio	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

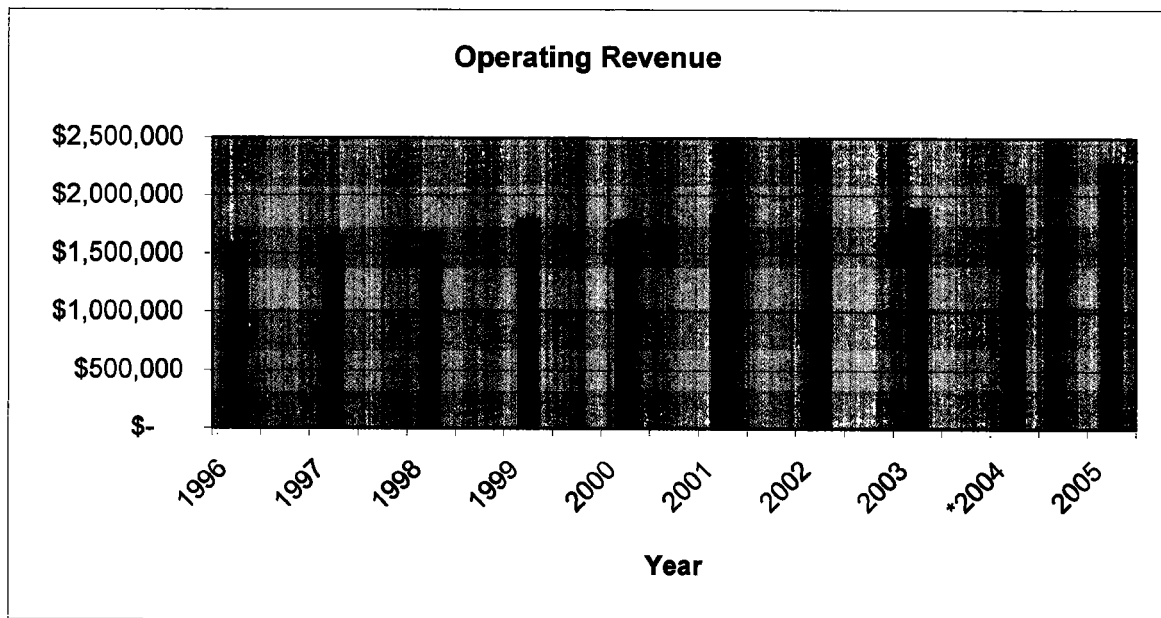
\*GASB Statement No 34 Implemented  
\*On 1/1/04 Bountiful City transferred it's sewer system to the District resulting in a \$3,368,405  
\*\*GASB Statement No. 33 Implemented, capital contributions are now in the Statement of Revenues, Expenses and Changes in Net Assets.  
Revenue Bonds were refunded at the end of 2002 (See MD&A Section).  
Aggregate debt service includes only debt service on revenue bonds which are secured by revenues of the District.  
The District has no general obligation bonds or other contracts which obligate the District to disburse funds.  
A schedule of debt service for the past ten years is in this statistical section



# SOUTH DAVIS SEWER DISTRICT

## Operating Revenues Last Ten Fiscal Years

Year	Sewer Fees	Special Treatment	Other	Total
1996	\$ 1,253,747	\$ 304,339	\$ 21,220	\$ 1,579,306
1997	\$ 1,281,936	\$ 261,331	\$ 95,497	\$ 1,638,764
1998	\$ 1,329,122	\$ 266,886	\$ 73,352	\$ 1,669,360
1999	\$ 1,357,290	\$ 343,849	\$ 92,833	\$ 1,793,972
2000	\$ 1,379,280	\$ 298,865	\$ 103,465	\$ 1,781,610
2001	\$ 1,430,813	\$ 321,480	\$ 81,871	\$ 1,834,164
2002	\$ 1,451,046	\$ 268,714	\$ 78,938	\$ 1,798,698
2003	\$ 1,491,677	\$ 287,124	\$ 107,934	\$ 1,886,735
*2004	\$ 1,685,229	\$ 295,567	\$ 99,175	\$ 2,079,971
2005	\$ 1,908,752	\$ 285,734	\$ 78,428	\$ 2,272,914



Source: District Records

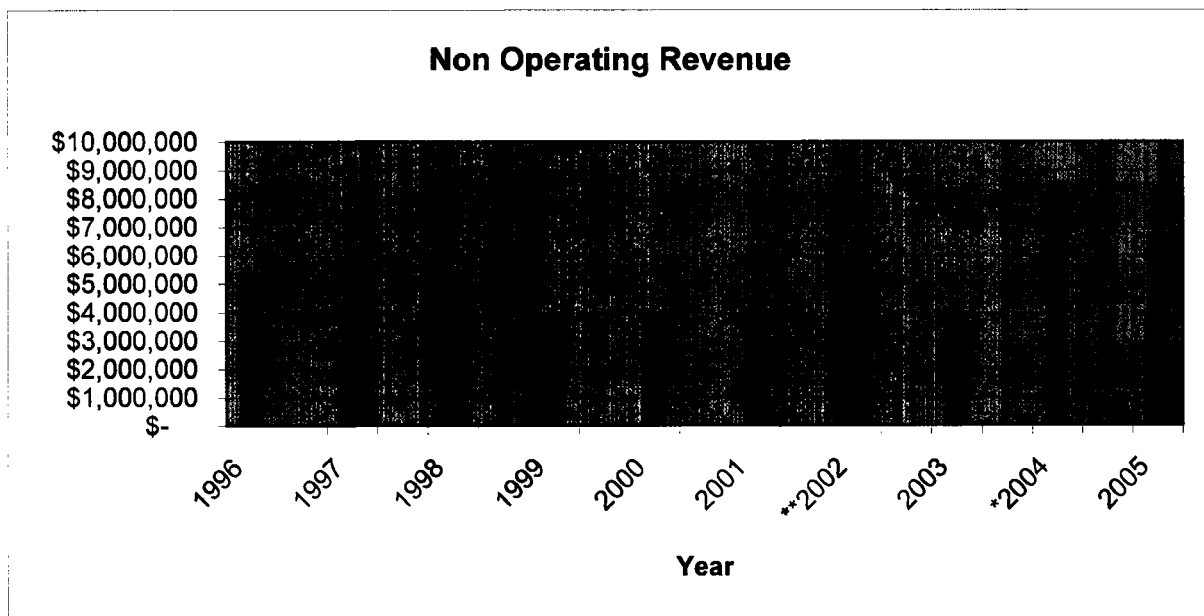
\*Bountiful City Sewer System was transferred on 1/1/04 to the South Davis Sewer System.

This added approximately 9000 new customers to the District. The first billing to the new Bountiful City customers began 7/01/04 (1/2 year). 2005 was the first full year billing for these new customers.

# SOUTH DAVIS SEWER DISTRICT

## Non Operating Revenue Last Ten Fiscal Years

Year	Taxes	Capitol Contributions	Impact Fees	Interest	Penalties	Total
1996	\$ 1,351,049	\$ 2,926,966	\$ 391,616	\$ 605,072	\$ 46,260	\$ 5,320,963
1997	\$ 1,365,397	\$ 1,579,188	\$ 608,515	\$ 614,920	\$ 22,110	\$ 4,190,130
1998	\$ 1,460,252	\$ 1,278,591	\$ 816,533	\$ 616,839	\$ 122,252	\$ 4,294,467
1999	\$ 1,514,336	\$ 939,909	\$ 841,107	\$ 659,829	\$ 20,792	\$ 3,975,973
2000	\$ 1,319,561	\$ 1,022,490	\$ 751,670	\$ 803,735	\$ 23,702	\$ 3,921,158
2001	\$ 1,244,637	\$ 1,137,949	\$ 781,945	\$ 566,158	\$ 30,807	\$ 3,761,496
**2002	\$ 1,367,164	\$ 1,332,678	\$ 817,140	\$ 311,617	\$ 25,027	\$ 3,853,626
2003	\$ 1,460,645	\$ 1,301,278	\$ 912,280	\$ 299,235	\$ 20,354	\$ 3,993,792
*2004	\$ 1,654,738	\$ 5,467,846	\$ 1,177,624	\$ 274,607	\$ 20,090	\$ 8,594,905
2005	\$ 1,510,748	\$ 3,138,477	\$ 1,639,086	\$ 437,700	\$ 55,921	\$ 6,781,932



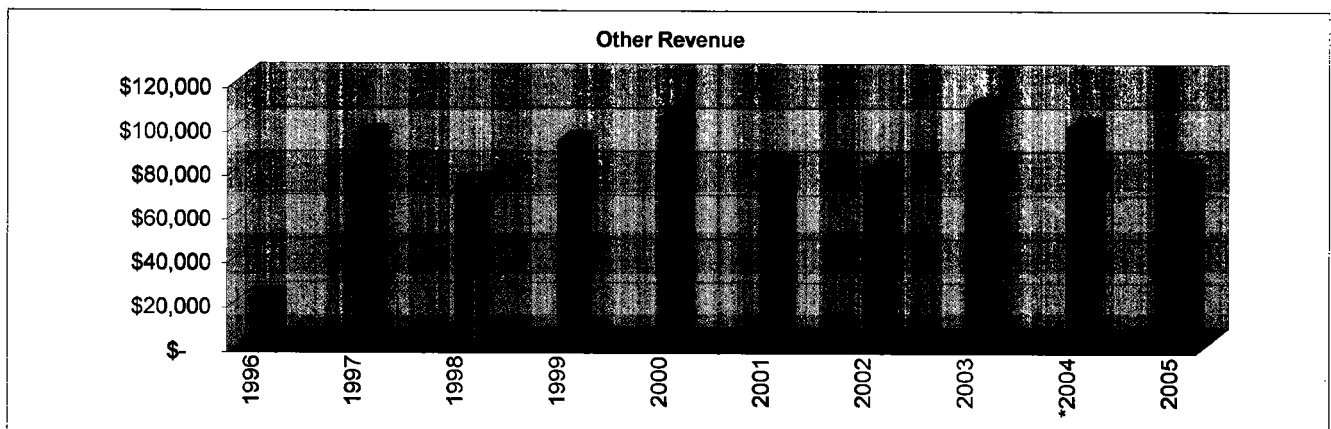
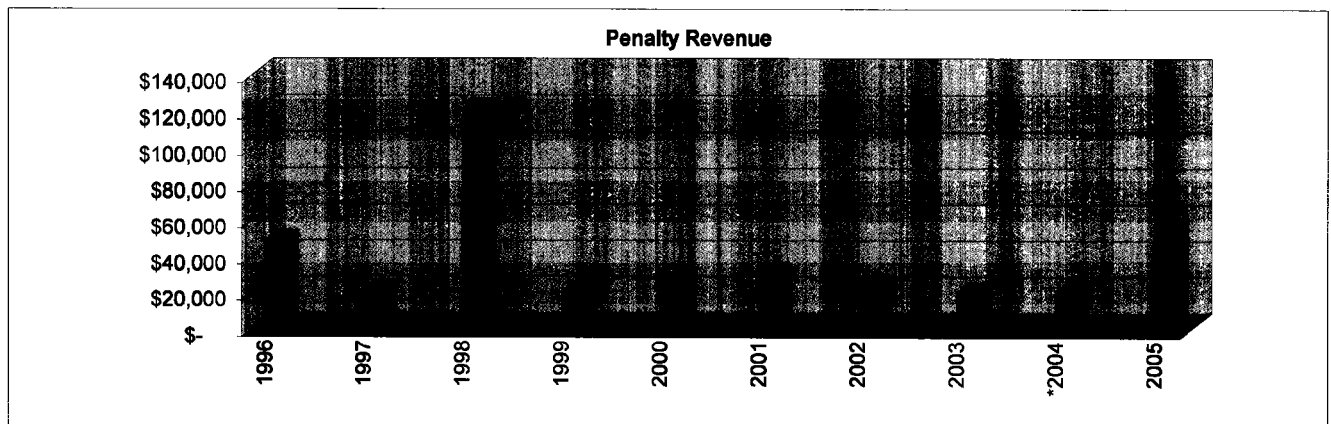
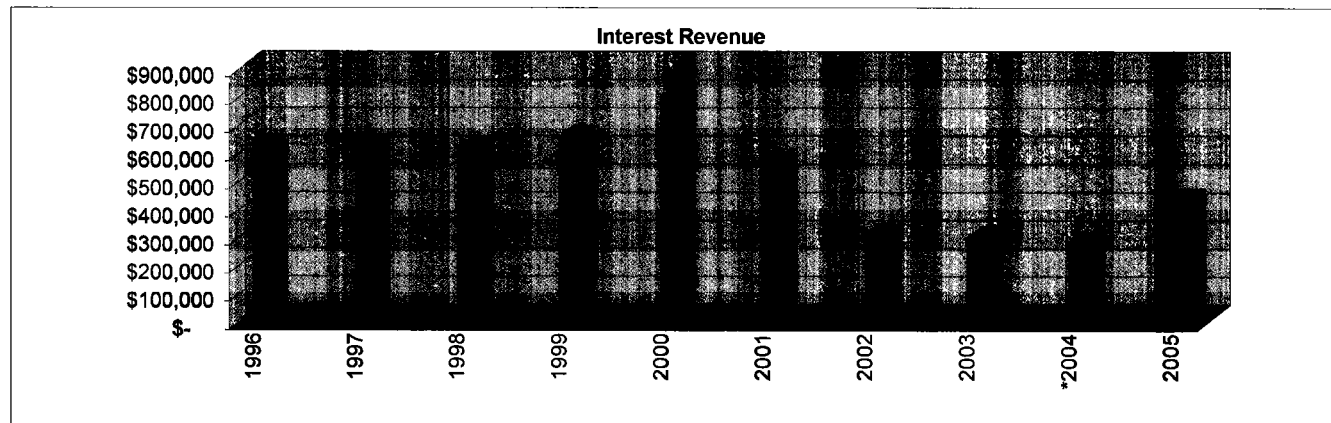
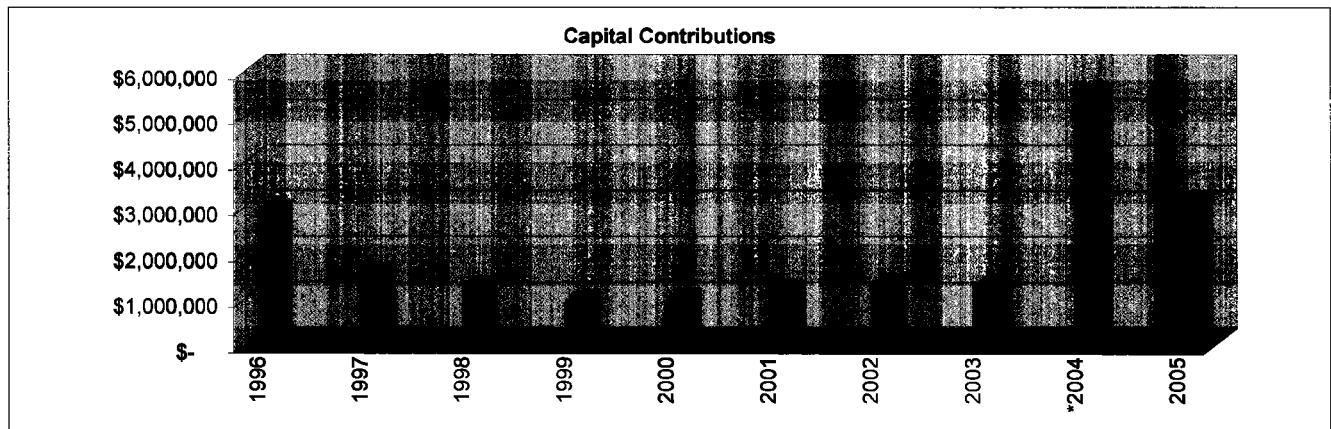
Source: District Records

\*Bountiful City Sewer System was transferred to the South Davis Sewer District on 1/1/04

\*\*GABS Statement No. 33 was implemented in 2002. Capital contributions are now in the Statement of Revenues, Expenses and Changes in Net Assets. Capital contributions are classified as non operating revenue.

# SOUTH DAVIS SEWER DISTRICT

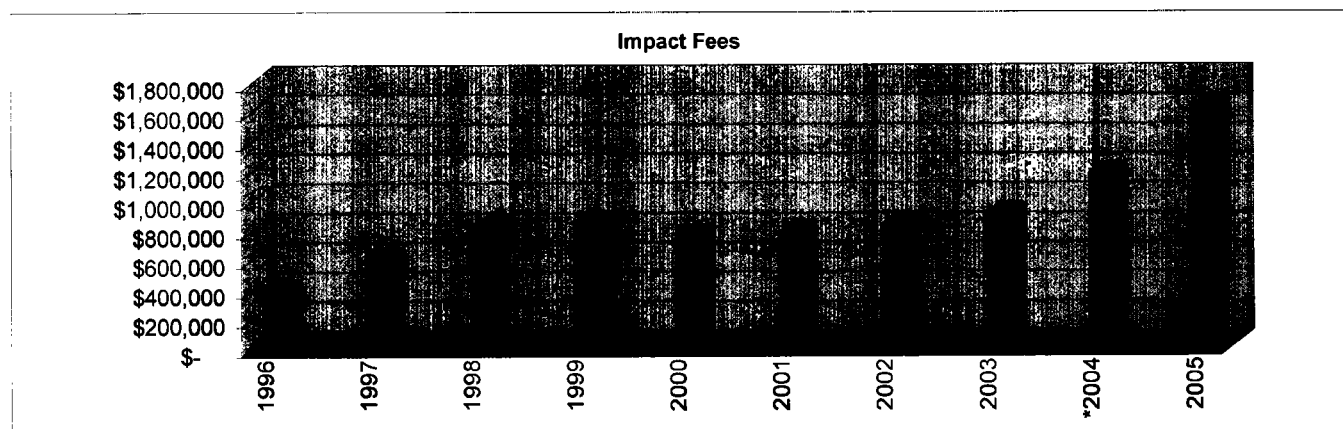
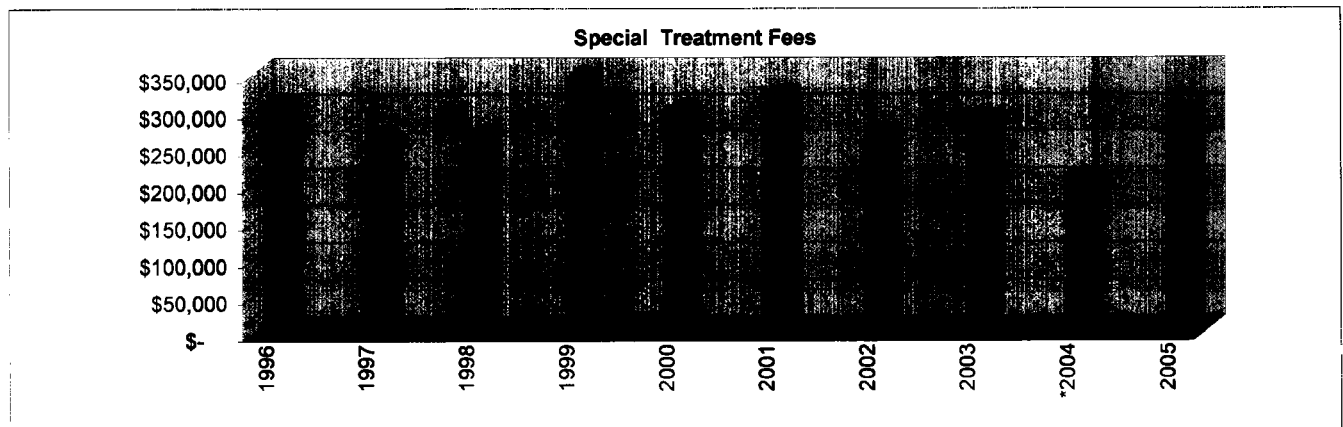
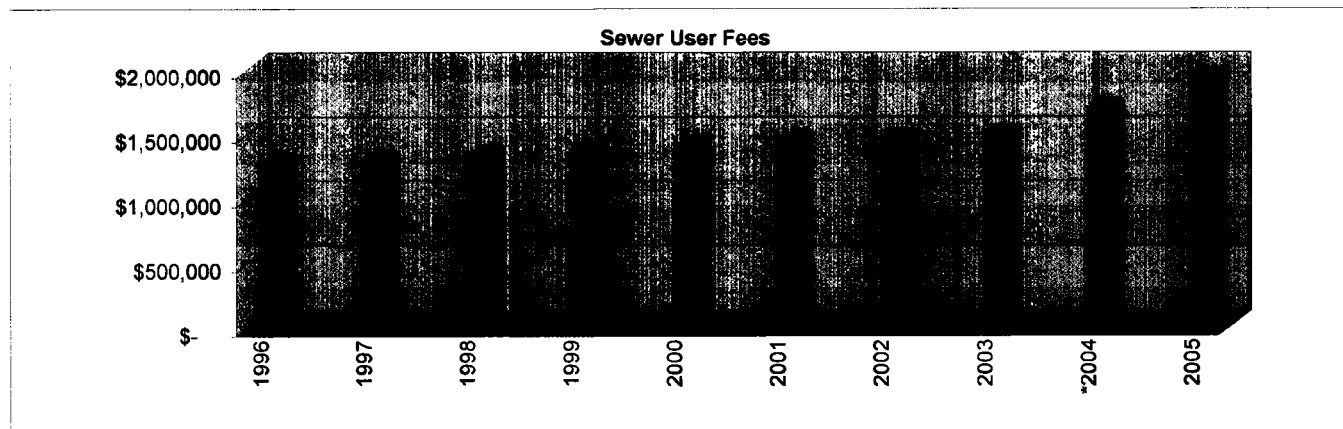
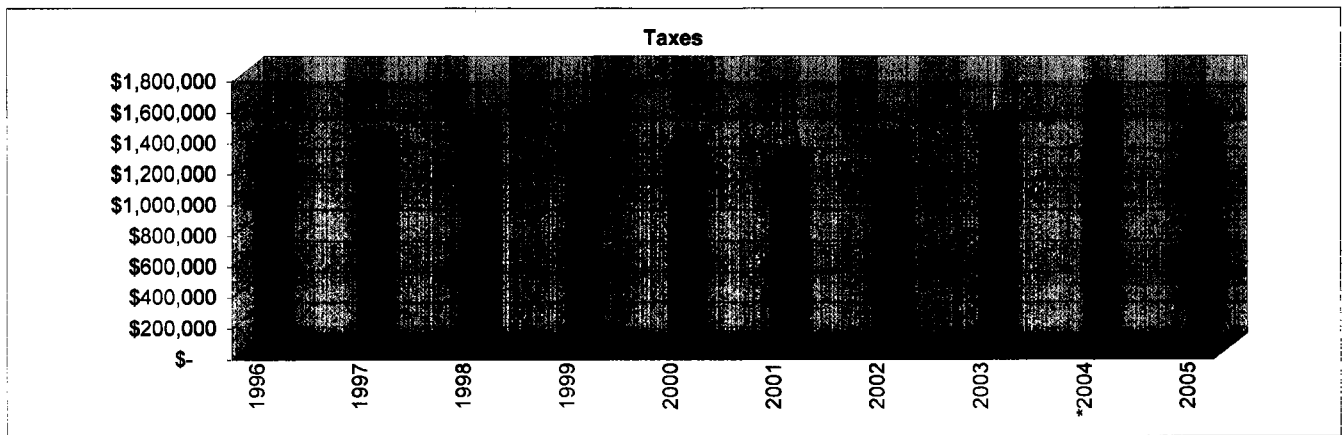
## Revenues by Source Last Ten Fiscal Years



\*Bountiful City sewer system transfer

# SOUTH DAVIS SEWER DISTRICT

## Revenues by Source Last Ten Fiscal Years



\*Bountiful City sewer system transfer

**SOUTH DAVIS SEWER DISTRICT**  
**Schedule of Taxable Valuation and Taxes Assessed and Collected**  
Last Ten Fiscal Years

<b>Year</b>	<b>Taxable Valuation *</b>	<b>District Tax Rate</b>	<b>Taxes Assessed</b>	<b>Current Year Taxes Collected</b>	<b>% of Current Year Taxes Collected</b>
1996	\$ 2,447,140,957	0.000457	\$ 1,118,343	\$ 1,086,081	97.12%
1997	\$ 2,759,597,715	0.000424	\$ 1,170,069	\$ 1,118,249	95.57%
1998	\$ 2,955,742,110	0.000415	\$ 1,226,633	\$ 1,175,295	95.81%
1999	\$ 3,078,873,577	0.000408	\$ 1,256,180	\$ 1,202,743	95.75%
2000	\$ 3,252,748,711	0.000393	\$ 1,278,330	\$ 1,249,960	97.78%
2001	\$ 3,653,745,623	0.000358	\$ 1,308,041	\$ 1,279,517	97.82%
2002	\$ 3,681,078,495	0.000361	\$ 1,328,869	\$ 1,287,850	96.91%
2003	\$ 3,777,136,105	0.000364	\$ 1,374,878	\$ 1,306,822	95.05%
2004	\$ 3,848,553,274	0.000366	\$ 1,408,570	\$ 1,324,056	94.00%
2005	\$ 4,043,721,008	0.000357	\$ 1,376,500	\$ 1,304,739	94.79%
<b>10 YR AVG.</b>	<b>\$ 3,349,833,758</b>	<b>0.00039</b>	<b>\$ 1,284,641</b>	<b>1,233,531.20</b>	<b>96.06%</b>

Source : Davis County Treasurer

SOUTH DAVIS SEWER DISTRICT		
Industrial User Property Tax Assessments		
For The Period Ending December 31, 2005		
User	Assessed Valuation	Property Tax*
Advanced Metal Finishing, Inc.	\$ 871,734	\$ 311.21
Aero Tech Manufacturing, Inc.	\$ 3,924,888	\$ 1,401.19
Air Products Manufacturing Corporation	\$ 2,893,486	\$ 1,032.97
Albertson's Distribution Center	\$ 7,792,043	\$ 2,781.76
Big West Oil, LLC	\$ 75,585,848	\$ 26,984.15
Big West Oil Transportation	\$ 1,944,050	\$ 694.03
Chevron Pipe Line Company	\$ 7,882,020	\$ 2,813.88
Chevron Products Company	\$ 82,918,141	\$ 29,601.78
Conoco Phillips Company (#2706272)	\$ 963,869	\$ 344.10
Cowboy Asphalt Terminal, LLC (G Rem)	\$ 901,656	\$ 321.89
Cowboy Asphalt Terminal, LLC (O&G Trap)	\$ -	\$ -
Cowboy Asphalt Terminal, LLC (Storage Tank)	\$ 550,200	\$ 196.42
Dale T Smith & Sons Meat Packing Company	\$ 725,047	\$ 258.84
Econova, Inc.	\$ 3,356,687	\$ 1,198.34
Fox Valley Tanning, Inc.	\$ 1,464,255	\$ 522.74
General Electric International, Inc.	\$ 3,673,308	\$ 1,311.37
Golden Eagle Refinery, Inc.	\$ 975,879	\$ 348.39
Goulds Pumps, Inc.	\$ 1,052,950	\$ 375.90
Hi-Valley Chemical, Inc.	\$ 861,238	\$ 307.46
Holly Refining & Marketing Company	\$ 13,092,279	\$ 4,673.94
IHC Central Laundry	Tax Exempt	
Lakeview Hospital	\$ 29,392,348	\$ 10,493.07
Pastries Plus, Inc.	\$ 258,700	\$ 92.36
Pioneer Pipe Line Company	\$ 3,427,110	\$ 1,223.48
Quala Systems, Inc.	\$ 1,010,800	\$ 360.86
Quality Plating Co., Inc.	\$ 827,346	\$ 295.36
Silver Eagle Refining-Woods Cross Inc.	\$ 3,168,363	\$ 1,131.11
Stericycle, Inc.	\$ 3,744,360	\$ 1,336.74
Streamline Supply, Inc.	\$ 61,339	\$ 21.90
TDJ Finishing, LLC	\$ 148,444	\$ 52.99
Trinity Industries	\$ 3,478,095	\$ 1,241.68
Zero Manufacturing, Inc.	\$ 9,797,623	\$ 3,497.75
<b>Sub-Total</b>	<b>\$ 266,744,106</b>	<b>\$ 95,227.65</b>
<b>Others/Misc</b>		
Ark Management	\$ 2,587,000	\$ 923.56
Carr Printing Co Inc	\$ 4,364,478	\$ 1,558.12
Innovative Ingredients (Shivers)	\$ 1,674,868	\$ 597.93
Thermo-Fluids Inc (Hemres Assoc)	\$ 1,452,955	\$ 518.70
<b>Sub-Total</b>	<b>\$ 10,079,301</b>	<b>\$ 3,598.31</b>
<b>GRAND TOTAL</b>	<b>\$ 276,823,407</b>	<b>\$ 98,825.96</b>
Source: Davis County Assessor's Office		

**South Davis Sewer District**  
**User and Impact Fee Rates**  
**Last Ten Fiscal Years**

	<b>Annual Sewer Service Fee (Single Residential Home)</b>	<b>Annual Sewer Service Fee (Single Mobile Home)</b>	<b>Connection/Impact Fee</b>
<b>1996</b>	\$60.00	\$48.00	\$600.00
<b>*1997</b>	\$60.00	\$48.00	\$1456.00
<b>1998</b>	\$60.00	\$48.00	\$1456.00
<b>1999</b>	\$60.00	\$48.00	\$1456.00
<b>2000</b>	\$60.00	\$48.00	\$1456.00
<b>2001</b>	\$60.00	\$48.00	\$1456.00
<b>2002</b>	\$60.00	\$48.00	\$1456.00
<b>2003</b>	\$60.00	\$48.00	\$1456.00
<b>2004</b>	\$60.00	\$48.00	\$1456.00
<b>2005</b>	\$60.00	\$48.00	\$1456.00

Source: District Records

In 1997 the District did an analytical review on impact fee costs based upon changes in the State Code, Sections 11-36-100 to 11-36-300

**SOUTH DAVIS SEWER DISTRICT**  
Major Wastewater Contributors  
For The Year Ending December 31, 2005

<u>Business</u>		<u>Wastewater Discharged (Gallons)</u>
	<b>DISTRICT</b>	
Davis County Churches		25,992,000
Davis County Schools		27,205,000
Restaurants		53,000,000
Large Retail Stores		23,778,000
Car Wash/Service Stations/Dealers		33,314,000
Medical Centers/Retirement Homes		8,891,000
Hotels		25,334,000
Health Clubs/ Bountiful Rec. Center		8,746,000
Dry Cleaners/Laundry		4,014,000
	<b>BOUNTIFUL CITY</b>	
Air Products Manufacturing Corp*		27,580,000
Lakeview Hospital *		18,395,000
South Davis Hospital		6,582,000
	<b>CENTERVILLE</b>	
Biotron Laboratories		1,885,000
Conoco Phillips		1,326,000
	<b>NORTH SALT LAKE</b>	
Advanced Drainage Systems		3,157,000
Aero Tech		2,624,000
Albertson's Distribution Center		7,149,000
Chevron Pipeline		1,460,000
Quala Systems		3,278,000
Goulds/Energy Machine		550,000
Zero Manufacturing Inc.*		12,283,000
Arnco		4,885,000
Big West Oil LLC		203,035,000
Big West Oil/ Flying J		12,593,000
Fox Valley Tanning		12,049,000
General Electric		2,481,000
Orbit Sprinklers		3,288,000
Stericycle Inc.		4,719,000
	<b>WEST BOUNTIFUL</b>	
Holly Refinery*		292,757,280
	<b>WOODS CROSS</b>	
Benchmark Hospital		7,612,000
F C Stangl II		2,785,000
IHC Laundry		24,434,000
Pipe Fab		2,990,000
Silver Eagle Refinery*		69,842,308
Cowboy Oil		6,137,000
Quality Plating		1,672,000

Source: South Davis County and city water usage records,  
\*EPA Categorical Industries



**SOUTH DAVIS SEWER DISTRICT**  
**Principle Rate Payers**  
**For The Year Ending December 31, 2005**

<b>Organization</b>	<b>Type of Service</b>	<b>Annual User Fee Amount</b>
Big West Oil	Refinery	\$ 81,070
Holly Refinery	Refinery	75,595
Silver Eagle Oil	Refinery	28,900
ARC-Camelot	Mobile Homes	18,192
North Park Village	Apartments	11,880
Carriage Crossing	Condominiums	10,320
Zero Mfg	Manufacturing	9,735
Retirement Place Inc. (Heritage Place)	Assisted Living	8,880
Pheasantbrook HOA	Condominiums	8,700
Springwood Apts	Apartments	8,700
Ridgewood Maple Hills	Condominiums	8,640

Source: District accounts receivable records

**Utah Division of Water Quality  
Sewer User Charge Survey  
2004**

	Community or District	# of Residential	AGI	Property Tax	Annual Property	Monthly Flat Rate	Monthly Usage rate at	Monthly Charge	Total Annual	Total Monthly	Cost as % #	Hook-up Fees	Impact Fees	Resident Hook-up and
1	Castle Dale	525	\$ 32,400	\$ -	\$ -	\$ 4.50		\$4.50	\$ 54.00	\$ 4.50	0.17	\$ 700	\$ -	\$ 700
2	Cleveland Town	169	\$ 35,412	\$ -	\$ -	\$ 4.50		\$4.50	\$ 54.00	\$ 4.50	0.15	\$ 650	\$ -	\$ 650
3	Murray City	7,850	\$ 31,121	\$ -	\$ -	\$ 5.24		\$5.24	\$ 62.88	\$ 5.24	0.20	\$ 1,840	\$ 1,840	\$ 3,680
4	East Carbon City	615	\$ 20,037	\$ -	\$ -	\$ 5.50		\$5.50	\$ 66.00	\$ 5.50	0.33	\$ 750	\$ -	\$ 750
5	Ferron City	505	\$ 33,951	\$ -	\$ -	\$ 6.00		\$6.00	\$ 72.00	\$ 6.00	0.21	\$ 650	\$ -	\$ 650
6	Huntington Town	565	\$ 32,002	\$ -	\$ -	\$ 7.00		\$7.00	\$ 84.00	\$ 7.00	0.26	\$ 650	\$ -	\$ 650
7	<b>South Davis Sewer District</b>	<b>23,863</b>	<b>\$ 39,094</b>	<b>0.000357</b>	<b>\$ 25.25</b>	<b>\$ 5.00</b>		<b>\$5.00</b>	<b>\$ 65.25</b>	<b>\$ 7.10</b>	<b>0.22</b>	<b>\$ 1,456</b>	<b>\$ 1,456</b>	<b>\$ 1,456</b>
8	Emery Town	132	\$ 31,159	\$ -	\$ -	\$ 7.19		\$7.19	\$ 86.28	\$ 7.19	0.28	\$ 850	\$ -	\$ 850
9	Nephi City Corp	1,583	\$ 31,899	\$ -	\$ -	\$ 7.25		\$7.25	\$ 87.00	\$ 7.25	0.27	\$ 1,000	\$ -	\$ 1,000
10	Salt Lake City SSD #1	28,055	\$ 28,271	0.000233	\$ 16.48	\$ 6.00		\$6.00	\$ 88.48	\$ 7.37	0.31	\$ 75	\$ 865	\$ 940
11	Bear River City	248	\$ 38,689	\$ -	\$ -	\$ 7.50		\$7.50	\$ 90.00	\$ 7.50	0.23	\$ 1,500	\$ 2,500	\$ 4,000
12	Elmo Town	129	\$ 33,905	\$ -	\$ -	\$ 8.00		\$8.00	\$ 96.00	\$ 8.00	0.28	\$ 550	\$ -	\$ 550
13	Orangville City	468	\$ 43,353	\$ -	\$ -	\$ 8.00		\$8.00	\$ 96.00	\$ 8.00	0.22	\$ 100	\$ -	\$ 100
14	Eureka Town	374	\$ 28,657	\$ -	\$ -	\$ 9.00		\$9.00	\$ 108.00	\$ 9.00	0.38	\$ 1,000	\$ -	\$ 1,000
15	Neola WSD	125	\$ 27,063	\$ -	\$ -	\$ 9.50		\$9.50	\$ 114.00	\$ 9.50	0.42	\$ -	\$ 500	\$ 500
16	Lake Point ID	262	\$ 38,457	0.00023	\$ 16.27	\$ 8.33		\$8.33	\$ 116.23	\$ 9.69	0.30	\$ -	\$ 3,223	\$ 3,223
17	Allamont City	78	\$ 30,337	\$ -	\$ -	\$ 10.00		\$10.00	\$ 120.00	\$ 10.00	0.40	\$ 500	\$ -	\$ 500
18	Lindon City	3,430	\$ 44,493	\$ -	\$ -	\$ 10.00		\$10.00	\$ 120.00	\$ 10.00	0.27	\$ -	\$ 2,561	\$ 2,561
19	Salt Lake City SSD #2	8,835	\$ 28,271	\$ -	\$ -	\$ 10.00		\$10.00	\$ 120.00	\$ 10.00	0.42	\$ 400	\$ -	\$ 400
20	Twin Creeks SSD	135	\$ 32,726	\$ -	\$ -	\$ 10.00		\$10.00	\$ 120.00	\$ 10.00	0.37	\$ -	\$ 3,731	\$ 3,731
21	North Davis County (unincorporated)	1,235	\$ 34,966	0.000732	\$ 51.77	\$ 5.80		\$5.80	\$ 121.37	\$ 10.11	0.35	\$ 225	\$ 1,500	\$ 1,725
22	Harrisville	1,180	\$ 45,545	0.000575	\$ 40.87	\$ 7.11		\$7.11	\$ 125.99	\$ 10.50	0.28	\$ 100	\$ 562	\$ 662
23	Midway SD	1,290	\$ 36,117	\$ -	\$ -	\$ 10.50		\$10.50	\$ 126.00	\$ 10.50	0.35	\$ 100	\$ 2,450	\$ 2,550
24	Spanish Fork City Corp	6,342	\$ 38,023	\$ -	\$ -	\$ 10.75		\$10.75	\$ 129.00	\$ 10.75	0.34	\$ -	\$ 988	\$ 988
25	Midvale City Corp	1,977	\$ 27,672	\$ -	\$ -	\$ 10.89		\$10.89	\$ 130.68	\$ 10.89	0.47	\$ 500	\$ -	\$ 500
26	Bear Lake SSD	1,420	\$ 25,714	\$ -	\$ -	\$ 11.00		\$11.00	\$ 132.00	\$ 11.00	0.51	\$ 800	\$ 1,700	\$ 2,500
27	Duchesne City Corp	507	\$ 27,029	\$ -	\$ -	\$ 11.00		\$11.00	\$ 132.00	\$ 11.00	0.49	\$ 1,000	\$ -	\$ 1,000
28	Gunnison	601	\$ 30,189	\$ -	\$ -	\$ 11.00		\$11.00	\$ 132.00	\$ 11.00	0.44	\$ 1,000	\$ 1,985	\$ 2,985
29	Riverdale City	1,912	\$ 33,552	0.000575	\$ 40.87	\$ 7.75		\$7.75	\$ 133.67	\$ 11.14	0.40	\$ 150	\$ 300	\$ 450
30	Kanab City Corp	779	\$ 26,890	\$ -	\$ -	\$ 11.50		\$11.50	\$ 138.00	\$ 11.50	0.51	\$ 904	\$ -	\$ 904
31	Manila Town	437	\$ 26,772	\$ -	\$ -	\$ 11.50		\$11.50	\$ 138.00	\$ 11.50	0.48	\$ 500	\$ 1,000	\$ 1,500
32	Perry City	1,040	\$ 45,087	\$ -	\$ -	\$ 11.50		\$11.50	\$ 138.00	\$ 11.50	0.31	\$ -	\$ 1,795	\$ 1,795
33	North Ogden City	4,876	\$ 45,892	0.000575	\$ 40.87	\$ 8.25		\$8.25	\$ 139.87	\$ 11.64	0.30	\$ 56	\$ 79	\$ 135
34	Wendover City	261	\$ 20,477	\$ -	\$ -	\$ 11.65		\$11.65	\$ 139.80	\$ 11.65	0.68	\$ 759	\$ -	\$ 759
35	Long Valley SID	369	\$ 19,112	\$ -	\$ -	\$ 11.75		\$11.75	\$ 141.00	\$ 11.75	0.74	\$ 1,000	\$ -	\$ 1,000
36	Fillmore City	890	\$ 28,551	\$ -	\$ -	\$ 12.00		\$12.00	\$ 144.00	\$ 12.00	0.50	\$ 350	\$ -	\$ 350
37	Taylorville-Bennion ID	15,747	\$ 30,094	0.000103	\$ 7.29	\$ 1.50	\$ 10.00	\$11.50	\$ 145.29	\$ 12.11	0.48	\$ -	\$ 1,100	\$ 1,100
38	Mountain Green SID	381	\$ 59,011	0.0003	\$ 21.22	\$ 10.50		\$10.50	\$ 147.22	\$ 12.27	0.25	\$ -	\$ 3,450	\$ 3,450
39	Syracuse City	3,149	\$ 48,134	0.000732	\$ 51.77	\$ 8.05		\$8.05	\$ 148.37	\$ 12.36	0.31	\$ 300	\$ 1,500	\$ 1,800
40	San Juan SSD #1 (Mexican Hat)	5	\$ 12,535	\$ -	\$ -	\$ 12.50		\$12.50	\$ 150.00	\$ 12.50	1.20	\$ 700	\$ -	\$ 700
41	Springville City	6,886	\$ 34,599	\$ -	\$ -	\$ 12.75		\$12.75	\$ 153.00	\$ 12.75	0.44	\$ -	\$ 884	\$ 884
42	Clinton City	5,093	\$ 42,945	0.000732	\$ 51.77	\$ 8.50		\$8.50	\$ 153.77	\$ 12.81	0.36	\$ 225	\$ 1,500	\$ 1,725
43	North Logan City	1,719	\$ 40,498	\$ -	\$ -	\$ 13.00		\$13.00	\$ 156.00	\$ 13.00	0.39	\$ -	\$ 737	\$ 737
44	Plain City	1,081	\$ 44,925	\$ -	\$ -	\$ 13.00		\$13.00	\$ 156.00	\$ 13.00	0.35	\$ 1,500	\$ -	\$ 1,500
45	River Heights City	488	\$ 36,456	\$ -	\$ -	\$ 13.00		\$13.00	\$ 156.00	\$ 13.00	0.43	\$ 200	\$ 1,056	\$ 1,256

	Community or District	# of Residential	AGI	Property Tax	Annual Property	Monthly Flat Rate	Monthly Usage rate at	Monthly Charge	Total Annual	Total Monthly	Cost as % #	Hook-up Fees	Impact Fees	Resident Hook-up and
46	Tropic Town	175	\$ 25,674		\$ -	\$ 13.00		\$13.00	\$ 156.00	\$ 13.00	0.61	\$ 1,200		\$ 1,200
47	Sandy City	9,432	\$ 43,011	0.000739	\$ 52.27	\$ 9.00		\$9.00	\$ 180.27	\$ 13.36	0.37	\$ 1,870	\$ 1,870	\$ 1,870
48	Blanding city	886	\$ 27,952		\$ -	\$ 13.50		\$13.50	\$ 135.00	\$ 13.50	0.58	\$ 250	\$ 250	\$ 500
49	Corinne City	165	\$ 31,311		\$ -	\$ 14.00		\$14.00	\$ 168.00	\$ 14.00	0.54	\$ 844	\$ 1,178	\$ 2,022
50	Delta City	952	\$ 29,843		\$ -	\$ 14.00		\$14.00	\$ 188.00	\$ 14.00	0.57	\$ 800		\$ 800
51	Tablona City	96	\$ 25,420		\$ -	\$ 14.00		\$14.00	\$ 188.00	\$ 14.00	0.66	\$ 500	\$ 500	\$ 1,000
52	Layton City	20,987	\$ 39,328	0.000732	\$ 51.77	\$ 9.75		\$9.75	\$ 168.77	\$ 14.06	0.43	\$ 750	\$ -	\$ 750
53	Mt. Pleasant	1,055	\$ 24,071		\$ -	\$ 8.50	\$ 5.60	\$10.10	\$ 169.20	\$ 14.10	0.70	\$ 1,277	\$ 1,272	\$ 2,549
54	Washington Terrace City	2,790	\$ 32,592	0.000575	\$ 40.67	\$ 10.75		\$10.75	\$ 189.67	\$ 14.14	0.52	\$ 15	\$ 300	\$ 315
55	Pleasant Grove City	5,688	\$ 37,034		\$ -	\$ 12.67	\$ 1.50	\$14.17	\$ 170.04	\$ 14.17	0.46	\$ 750	\$ 3,400	\$ 4,150
56	Washington City	2,863	\$ 27,554		\$ -	\$ 14.30		\$14.30	\$ 171.60	\$ 14.30	0.62	\$ 150		\$ 150
57	Ogden City	24,000	\$ 29,030	0.000575	\$ 40.67	\$ 11.05		\$11.05	\$ 173.21	\$ 14.43	0.60		\$ 342	\$ 342
58	Granger-Hunter ID	19,094	\$ 26,717	0.000289	\$ 19.03	\$ 13.00		\$13.00	\$ 175.03	\$ 14.59	0.66		\$ 2,573	\$ 2,573
59	Logan City Corp	12,658	\$ 24,152		\$ -	\$ 14.75		\$14.75	\$ 177.00	\$ 14.75	0.73			
60	Cottonwood ID	23,476	\$ 46,772	0.000298	\$ 21.08	\$ 13.00		\$13.00	\$ 177.08	\$ 14.76	0.38		\$ 1,630	\$ 1,630
61	Sunset City	1,471	\$ 30,872	0.000732	\$ 51.77	\$ 10.60		\$10.60	\$ 178.97	\$ 14.91	0.58	\$ 250	\$ 1,500	\$ 1,750
62	Lewiston City	248	\$ 28,145		\$ -	\$ 15.00		\$15.00	\$ 180.00	\$ 15.00	0.64	\$ 1,250		\$ 1,250
63	Manli City	1,043	\$ 26,851		\$ -	\$ 15.00		\$15.00	\$ 180.00	\$ 15.00	0.67	\$ 1,200		\$ 1,200
64	Roosevelt City	1,268	\$ 28,437		\$ -	\$ 15.00		\$15.00	\$ 180.00	\$ 15.00	0.63		\$ 2,000	\$ 2,000
65	Stansbury Park	1,611	\$ 55,291		\$ -	\$ 15.00		\$15.00	\$ 180.00	\$ 15.00	0.33	\$ 30	\$ 2,624	\$ 2,654
66	Roy City	10,299	\$ 37,202	0.000732	\$ 51.77	\$ 10.75		\$10.75	\$ 180.77	\$ 15.06	0.49		\$ 300	\$ 300
67	Kearns ID	12,300	\$ 27,667	0.000183	\$ 12.94	\$ 14.00		\$14.00	\$ 180.94	\$ 15.08	0.65	\$ 75	\$ 1,320	\$ 1,395
68	West Jordan City	18,000	\$ 38,858		\$ -	\$ 13.08	\$ 2.00	\$15.08	\$ 180.96	\$ 15.08	0.47	\$ 1,683	\$ 1,289	\$ 2,962
69	South Ogden City	4,857	\$ 36,334	0.000575	\$ 40.67	\$ 2.82	\$ 9.45	\$12.07	\$ 185.51	\$ 15.46	0.51	\$ 131	\$ 9,915	\$ 10,046
70	Hanksville SSD	64	\$ 20,295		\$ -	\$ 15.50		\$15.50	\$ 186.00	\$ 15.50	0.92	\$ 900		\$ 900
71	Provo City Corp	16,916	\$ 22,086		\$ -	\$ 4.26	\$ 11.70	\$15.96	\$ 191.52	\$ 15.96	0.87		\$ 575	\$ 575
72	Monticello City	559	\$ 29,183		\$ -	\$ 16.00		\$16.00	\$ 192.00	\$ 16.00	0.66	\$ 600		\$ 600
73	Payson City Corp	4,763	\$ 34,119		\$ -	\$ 16.00		\$16.00	\$ 192.00	\$ 16.00	0.56	\$ 175	\$ 2,590	\$ 2,765
74	Pleasant View City	1,280	\$ 48,486	0.000575	\$ 40.67	\$ 8.50	\$ 4.60	\$13.10	\$ 197.87	\$ 16.49	0.41	\$ 550	\$ 300	\$ 850
75	Magna	7,500	\$ 30,400	0.000355	\$ 25.11	\$ 14.57		\$14.57	\$ 199.95	\$ 16.66	0.66	\$ 112	\$ 1,543	\$ 1,655
76	Fair West City	957	\$ 41,173	0.000575	\$ 40.67	\$ 13.50		\$13.50	\$ 202.67	\$ 16.89	0.49	\$ 300	\$ 1,650	\$ 1,950
77	Lehi City	6,958	\$ 41,741		\$ -	\$ 9.00	\$ 8.00	\$17.00	\$ 204.00	\$ 17.00	0.49	\$ 2,940	\$ 2,940	\$ 5,880
78	Moreni City Corp	429	\$ 23,789		\$ -	\$ 17.00		\$17.00	\$ 204.00	\$ 17.00	0.86	\$ 2,500		\$ 2,500
79	Wellington City	595	\$ 29,792		\$ -	\$ 17.25		\$17.25	\$ 207.00	\$ 17.25	0.69	\$ 800		\$ 800
80	St. George City	24,152	\$ 27,840		\$ -	\$ 17.28		\$17.28	\$ 207.36	\$ 17.28	0.74		\$ 1,160	\$ 1,160
81	Clearfield City	4,747	\$ 30,533	0.000732	\$ 51.77	\$ 13.20		\$13.20	\$ 210.17	\$ 17.51	0.69	\$ 500	\$ 1,973	\$ 2,473
82	Central Davis County (unincorporated)	9,110	\$ 47,474	0.000276	\$ 19.52	\$ 16.00		\$16.00	\$ 216.00	\$ 18.00	0.45		\$ 1,700	\$ 1,700
83	Ash Creek SSD	3,845	\$ 24,748		\$ -	\$ 18.00		\$18.00	\$ 216.00	\$ 18.00	0.87		\$ 1,995	\$ 1,995
84	Ballard Town	105	\$ 30,611		\$ -	\$ 18.00		\$18.00	\$ 216.00	\$ 18.00	0.71	\$ 1,200		\$ 1,200
85	Brian Head	98	\$ 29,246		\$ -	\$ 18.00		\$18.00	\$ 216.00	\$ 18.00	0.74	\$ 55	\$ 312	\$ 367
86	Hyrum City Corp	193	\$ 34,453		\$ -	\$ 18.00		\$18.00	\$ 216.00	\$ 18.00	0.63	\$ 500	\$ -	\$ 500
87	Jordanville SSD	1	\$ 32,726		\$ -	\$ 18.00		\$18.00	\$ 216.00	\$ 18.00	0.66	\$ 350	\$ 3,290	\$ 3,640
88	Kamas City	500	\$ 33,864		\$ -	\$ 18.00		\$18.00	\$ 216.00	\$ 18.00	0.64	\$ 500	\$ 2,200	\$ 2,700
89	Myton City	194	\$ 19,465		\$ -	\$ 18.00		\$18.00	\$ 216.00	\$ 18.00	1.11	\$ 500		\$ 500
90	Salt Lake City Corporation	48,421	\$ 43,599		\$ -	\$ 4.96	\$ 13.10	\$18.06	\$ 216.72	\$ 18.06	0.50	\$ -	\$ 25	\$ 25
91	South Valley Sewer District	39,107	\$ 28,271	0.00056	\$ 39.61	\$ 15.00		\$15.00	\$ 219.61	\$ 18.30	0.78		\$ 2,925	\$ 2,925
92	Alpine City	2,101	\$ 60,996		\$ -	\$ 8.40	\$ 10.00	\$18.40	\$ 220.80	\$ 18.40	0.36	\$ 125	\$ 3,240	\$ 3,365
93	Orem City	20,000	\$ 29,402		\$ -	\$ 7.16	\$ 11.30	\$18.46	\$ 221.52	\$ 18.46	0.75	\$ 600	\$ 600	\$ 1,200
94	Helper City	939	\$ 31,677		\$ -	\$ 18.50		\$18.50	\$ 222.00	\$ 18.50	0.70	\$ 250	\$ -	\$ 250
95	Scofield Town	1,100	\$ 28,965		\$ -	\$ 18.50		\$18.50	\$ 222.00	\$ 18.50	0.77	\$ 250	\$ 2,819	\$ 3,069
96	Moab	1,303	\$ 21,791		\$ -	\$ 8.65	\$ 10.00	\$18.65	\$ 223.80	\$ 18.65	1.03	\$ 670	\$ 2,819	\$ 3,489
97	Henefer Town	228	\$ 41,094		\$ -	\$ 18.75		\$18.75	\$ 225.00	\$ 18.75	0.55	\$ 800		\$ 800
98	Springdale Town	227	\$ 23,212		\$ -	\$ 11.00	\$ 7.80	\$18.80	\$ 225.60	\$ 18.80	0.97	\$ 120	\$ 1,505	\$ 1,625

	Community or District	# of Residential	AGI	Property Tax	Annual Property	Monthly Flat Rate	Monthly Usage rate at	Monthly Charge	Total Annual	Total Monthly	Cost as % #	Hook-up Fees	Impact Fees	Resident Hook-up and
99	Keyaville City	4,956	\$ 47,895	\$ 0.000276	\$ 19.52	\$ 17.25		\$ 17.25	\$ 228.52	\$ 18.88	0.47	\$ 700	\$ 1,700	\$ 1,700
100	Ashley Valley W&SID	1,598	\$ 28,285			\$ 19.00		\$ 19.00	\$ 228.00	\$ 19.00	0.81	\$ 2,396	\$ 1,300	\$ 2,000
101	Highland Town	2,178	\$ 56,106			\$ 19.32		\$ 19.32	\$ 231.84	\$ 19.32	0.41	\$ 1,700	\$ 2,480	\$ 4,776
102	Farmington City	3,458	\$ 50,645	\$ 0.000276	\$ 19.52	\$ 17.75		\$ 17.75	\$ 232.52	\$ 19.38	0.46	\$ 2,300	\$ 3,848	\$ 1,700
103	American Fork City	6,365	\$ 36,288			\$ 20.00		\$ 20.00	\$ 240.00	\$ 20.00	0.66	\$ 1,000	\$ 2,300	\$ 4,083
104	Centerfield City	352	\$ 27,121			\$ 20.00		\$ 20.00	\$ 240.00	\$ 20.00	0.88	\$ 50	\$ 2,519	\$ 3,300
105	Francis City Corp	287	\$ 32,302			\$ 20.00		\$ 20.00	\$ 240.00	\$ 20.00	0.74	\$ 50	\$ 1,175	\$ 1,225
106	Grantsville City	2,032	\$ 37,801			\$ 20.00		\$ 20.00	\$ 240.00	\$ 20.00	0.63	\$ 1,000	\$ 1,175	\$ 1,000
107	Hinckley Town	185	\$ 27,826			\$ 20.00		\$ 20.00	\$ 240.00	\$ 20.00	0.86	\$ 1,000	\$ 1,175	\$ 1,000
108	Spring City	360	\$ 26,923			\$ 20.00		\$ 20.00	\$ 240.00	\$ 20.00	0.89	\$ 1,900	\$ 1,350	\$ 1,350
109	Vernal City	2,007	\$ 33,354			\$ 20.00		\$ 20.00	\$ 240.00	\$ 20.00	0.72	\$ 1,200	\$ 1,350	\$ 1,350
110	Redmond City	275	\$ 32,892			\$ 12.00		\$ 12.00	\$ 243.00	\$ 20.25	0.74	\$ 1,200	\$ 1,700	\$ 1,200
111	Elk Ridge Town	488	\$ 55,710			\$ 20.50		\$ 20.50	\$ 248.00	\$ 20.50	0.44	\$ 1,413	\$ 3,290	\$ 1,900
112	Heber City	2,860	\$ 34,610			\$ 12.00		\$ 12.00	\$ 247.20	\$ 20.60	0.71	\$ 1,413	\$ 3,290	\$ 4,703
113	Price City	3,357	\$ 31,031			\$ 21.50		\$ 21.50	\$ 252.00	\$ 21.00	0.81	\$ 400	\$ 725	\$ 1,125
114	Salem City Corp	1,338	\$ 39,091			\$ 21.50		\$ 21.50	\$ 258.00	\$ 21.50	0.66	\$ 155	\$ 1,800	\$ 1,955
115	Smithfield City	2,242	\$ 36,665			\$ 21.75		\$ 21.75	\$ 261.00	\$ 21.75	0.71	\$ 20	\$ 540	\$ 560
116	Morgan City Corp	957	\$ 41,947			\$ 22.00		\$ 22.00	\$ 264.00	\$ 22.00	0.63	\$ 300	\$ 550	\$ 850
117	Parowan City Corp	1,189	\$ 23,621			\$ 22.00		\$ 22.00	\$ 264.00	\$ 22.00	1.12	\$ 96	\$ 550	\$ 646
118	Richfield City	2,149	\$ 29,028			\$ 22.00		\$ 22.00	\$ 264.00	\$ 22.00	0.91	\$ 1,278	\$ 554	\$ 2,000
119	Richmond City	625	\$ 33,489			\$ 22.00		\$ 22.00	\$ 264.00	\$ 22.00	0.74	\$ 100	\$ 1,318	\$ 1,418
120	Tremonton City Corp	1,770	\$ 35,553			\$ 22.05		\$ 22.05	\$ 264.60	\$ 22.05	0.74	\$ 250	\$ 2,300	\$ 2,550
121	Santaquin City	1,693	\$ 35,995			\$ 22.20		\$ 22.20	\$ 266.40	\$ 22.20	1.35	\$ 1,173	\$ 2,540	\$ 2,550
122	Green River City	387	\$ 19,803	\$ 0.000575	\$ 40.67	\$ 19.00		\$ 19.00	\$ 268.67	\$ 22.39	0.49	\$ 400	\$ 300	\$ 1,473
123	South Weber	1,343	\$ 55,101			\$ 22.66		\$ 22.66	\$ 271.92	\$ 22.66	1.34	\$ 1,100	\$ 1,655	\$ 2,755
124	Spanish Valley W&SID	1,385	\$ 20,264			\$ 23.00		\$ 23.00	\$ 276.00	\$ 23.00	1.08	\$ 546	\$ 546	\$ 1,082
125	Cedar City Corp	4,629	\$ 25,611			\$ 23.00		\$ 23.00	\$ 276.00	\$ 23.00	0.80	\$ 500	\$ 900	\$ 1,400
126	Ivins Town	2,144	\$ 34,579			\$ 23.00		\$ 23.00	\$ 276.00	\$ 23.00	1.22	\$ 400	\$ 300	\$ 1,473
127	Panguitch	613	\$ 22,988			\$ 23.30		\$ 23.30	\$ 279.60	\$ 23.30	0.80	\$ 400	\$ 300	\$ 1,473
128	Garland City	588	\$ 35,066			\$ 23.50		\$ 23.50	\$ 282.00	\$ 23.50	0.85	\$ 960	\$ 720	\$ 1,680
129	Aurora	329	\$ 33,082			\$ 18.00		\$ 18.00	\$ 288.00	\$ 24.00	1.05	\$ 175	\$ 1,000	\$ 1,175
130	Salina City	840	\$ 27,522			\$ 24.00		\$ 24.00	\$ 288.00	\$ 24.00	0.85	\$ 650	\$ 1,800	\$ 2,450
131	Enoch City	1,153	\$ 33,753			\$ 24.00		\$ 24.00	\$ 288.00	\$ 24.00	1.50	\$ 150	\$ 153	\$ 153
132	Sunnyside	171	\$ 19,237			\$ 24.35		\$ 24.35	\$ 292.20	\$ 24.35	0.75	\$ 450	\$ 2,500	\$ 2,950
133	Santa Clara City	1,620	\$ 38,733			\$ 24.50		\$ 24.50	\$ 294.00	\$ 24.50	0.94	\$ 450	\$ 2,500	\$ 2,950
134	Enterprise City	430	\$ 31,127			\$ 24.50		\$ 24.50	\$ 294.00	\$ 24.50	0.55	\$ 500	\$ 1,726	\$ 2,226
135	Fruit Heights City	1,319	\$ 53,768			\$ 25.00		\$ 25.00	\$ 300.00	\$ 25.00	0.90	\$ 320	\$ 841	\$ 1,161
136	Brigham City Corp	5,400	\$ 33,262	\$ 0.000276	\$ 19.52	\$ 25.00		\$ 25.00	\$ 300.00	\$ 25.00	1.14	\$ 990	\$ 1,772	\$ 2,762
137	Fountain Green	340	\$ 26,363			\$ 25.00		\$ 25.00	\$ 300.00	\$ 25.00	0.68	\$ 1,711	\$ 1,711	\$ 3,422
138	Hyde Park City	848	\$ 43,844			\$ 25.00		\$ 25.00	\$ 300.00	\$ 25.00	1.02	\$ 25	\$ 598	\$ 623
139	Midford City	538	\$ 29,450			\$ 25.00		\$ 25.00	\$ 300.00	\$ 25.00	0.65	\$ 35	\$ 2,819	\$ 1,500
140	West Point City	2,049	\$ 47,675	\$ 0.000732	\$ 51.77	\$ 11.50		\$ 11.50	\$ 309.77	\$ 25.81	0.52	\$ 35	\$ 2,819	\$ 2,854
141	Cedar Hills Town	1,196	\$ 60,091			\$ 8.44		\$ 8.44	\$ 311.28	\$ 25.94	1.17	\$ 170	\$ 1,515	\$ 1,685
142	Beaver City Corp	975	\$ 26,715			\$ 16.00		\$ 16.00	\$ 312.00	\$ 26.00	0.86	\$ 170	\$ 1,515	\$ 1,685
143	Tooele City Corp	8,036	\$ 36,851			\$ 7.00		\$ 7.00	\$ 316.00	\$ 26.33	0.86	\$ 170	\$ 1,515	\$ 1,685
144	Escalante City	376	\$ 29,401			\$ 27.00		\$ 27.00	\$ 324.00	\$ 27.00	1.10	\$ 100	\$ 1,000	\$ 1,100
145	Hildale Town	685	\$ 13,962			\$ 27.00		\$ 27.00	\$ 324.00	\$ 27.00	2.32	\$ 150	\$ 1,000	\$ 1,150
146	Ephraim City	1,658	\$ 24,025			\$ 18.00		\$ 18.00	\$ 336.00	\$ 28.00	1.40	\$ 75	\$ 1,107	\$ 1,182
147	Coalville City Corp	450	\$ 35,913			\$ 28.00		\$ 28.00	\$ 336.00	\$ 28.00	0.94	\$ 1,500	\$ 2,206	\$ 3,706
148	Wellsville City Corp	798	\$ 36,447			\$ 20.50		\$ 20.50	\$ 344.40	\$ 28.70	0.94	\$ 400	\$ 586	\$ 986
149	Minersville City	273	\$ 30,047			\$ 29.00		\$ 29.00	\$ 348.00	\$ 29.00	1.16	\$ 100	\$ 429	\$ 429
150	Snyderville Basin SID	16,410	\$ 61,956			\$ 17.00		\$ 17.00	\$ 354.00	\$ 29.50	0.57	\$ 100	\$ 1,718	\$ 1,818
151	Uintah Highlands ID	774	\$ 30,881	\$ 0.000575	\$ 40.67	\$ 27.00		\$ 27.00	\$ 364.67	\$ 30.39	1.18	\$ 32	\$ 1,000	\$ 1,032

	Community or District	# of Residential	AGI	Property Tax	Annual Property	Monthly Flat Rate	Monthly Usage rate at	Monthly Charge	Total Annual	Total Monthly	Cost as % #	Hook-up Fees	Impact Fees	Resident Hook-up and
152	Maesar W&SD	719	\$ 28,409		\$ -	\$ 26.00	\$ 5.00	\$31.00	\$ 372.00	\$ 31.00	1.31	\$ 375	\$ 1,500	\$ 1,875
153	Mantua Town	205	\$ 41,916		\$ -	\$ 31.00		\$31.00	\$ 372.00	\$ 31.00	0.89	\$ 150	\$ 1,489	\$ 1,649
154	Mapleton	1,345	\$ 41,455		\$ -	\$ 32.96		\$32.96	\$ 395.52	\$ 32.96	0.95	-	\$ 2,263	\$ 2,263
155	Solitude ID	1,175	\$ 25,000		\$ -	\$ 35.00		\$35.00	\$ 420.00	\$ 35.00	1.68	\$ 3,500		\$ 3,500
156	South Salt Lake City Corp	2,600	\$ 21,442		\$ -	\$ 3.30	\$ 33.00	\$38.30	\$ 435.60	\$ 36.30	2.03	\$ 450		\$ 450
157	Oakley Town	215	\$ 42,444		\$ -	\$ 36.50	10000 gallons	\$36.50	\$ 438.00	\$ 36.50	1.03		\$ 3,000	\$ 3,000
		Connections	Not updated	Rate	Tax				Cost	Cost	MAGI		Impact Fees	
			Average AGI			\$ 33,590.33								
			Median AGI			\$ 32,151.75								
			# of Communities			\$ 159.00								
			# of Connections			\$618,870.00								
			Weighted Average			\$ 15.60								
			Weighted MAGI Average			0.58%								
			Community Average			\$ 17.15								
			Community MAGI Average			0.64%								
			Impact and Hook-up Fee Average			\$ 1,755.42								
Source: State of Utah, Division of Water Quality - Sewer User Charge Survey 2004														
The District has not had a rate increase since 1988														

**SOUTH DAVIS SEWER DISTRICT**  
**Revenue Bond Coverage**  
**Last Ten Fiscal Years**

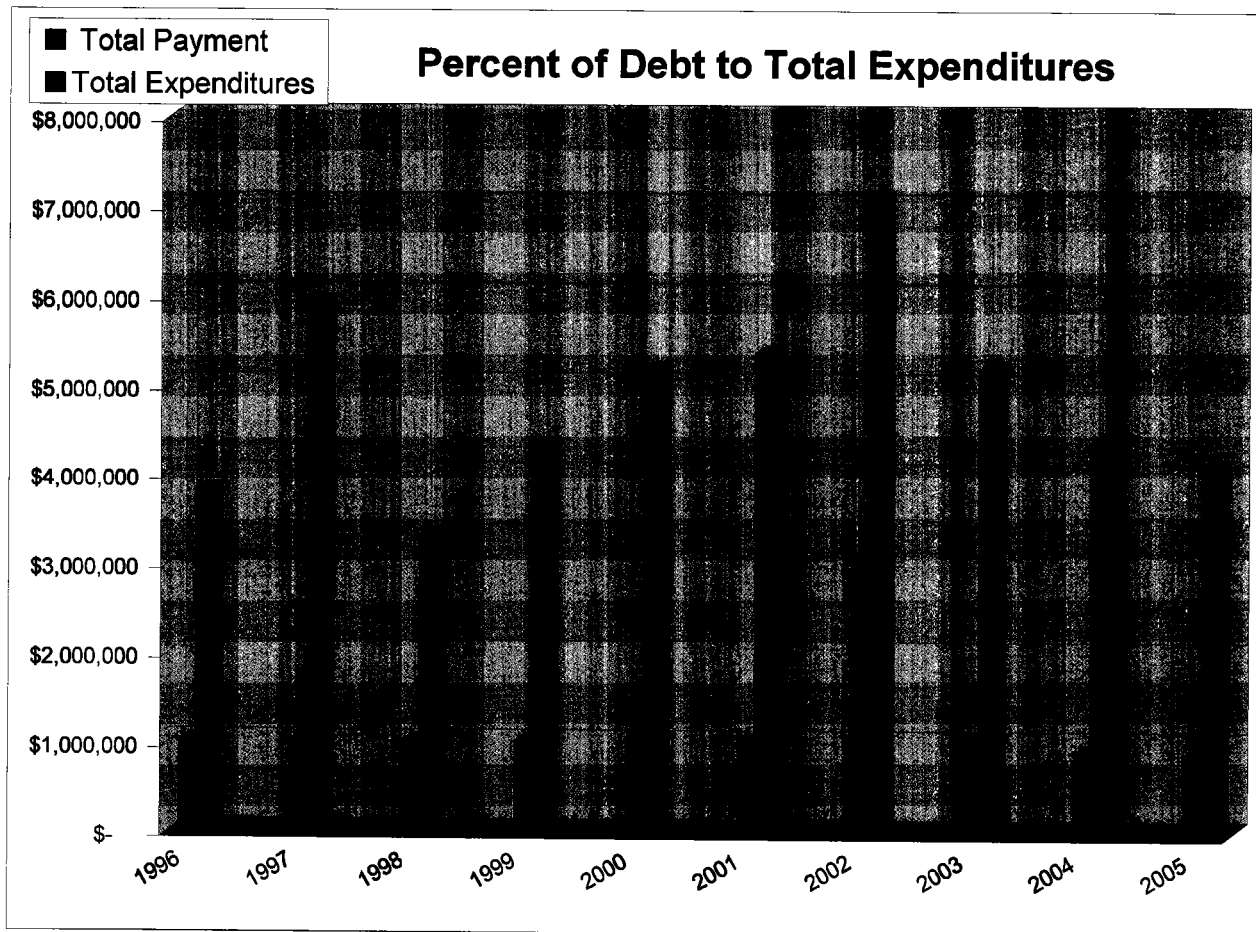
<b>Year</b>	<b>1989 Bond ( 3% Interest )</b>	<b>1990 Bond ( 5% Interest )</b>	<b>1992 Bond ( 4% Interest )</b>	<b>2003 Refunding Bond ( 2.7% Interest )</b>	<b>Total Bonds</b>
1996	\$ 3,217,000	\$ 3,177,000	\$ 3,950,000		\$ 10,344,000
1997	\$ 3,011,000	\$ 2,973,000	\$ 3,761,000		\$ 9,745,000
1998	\$ 2,799,000	\$ 2,760,000	\$ 3,565,000		\$ 9,124,000
1999	\$ 2,574,000	\$ 2,537,000	\$ 3,361,000		\$ 8,472,000
2000	\$ 2,355,000	\$ 2,302,000	\$ 3,149,000		\$ 7,806,000
2001	\$ 2,123,000	\$ 2,056,000	\$ 2,928,000		\$ 7,107,000
2002	\$ 1,884,000	\$ -	\$ 2,698,000		\$ 4,582,000
2003	\$ -	\$ -	\$ -	\$ 3,635,000	\$ 3,635,000
2004	\$ -	\$ -	\$ -	\$ 2,845,000	\$ 2,845,000
2005	\$ -	\$ -	\$ -	\$ 2,020,000	\$ 2,020,000

Source: Zions Bank Trust Dept and District Records.

2003 Refunding Revenue Bond matures 12/15/08. See MD&A for a detailed schedule

**SOUTH DAVIS SEWER DISTRICT**  
**Percent of Debt Service to Total Expenditures**  
**Last Ten Fiscal Years**

<b>Year</b>	<b>Payment</b>	<b>Total Expenditures</b>	<b>% of Debt Service to Expenditures</b>
1996	\$ 1,024,690	\$ 3,828,057	26.77%
1997	\$ 1,025,227	\$ 5,903,459	17.37%
1998	\$ 1,025,250	\$ 3,326,520	30.82%
1999	\$ 1,027,930	\$ 4,327,998	23.75%
2000	\$ 1,025,010	\$ 5,192,973	19.74%
2001	\$ 1,027,000	\$ 5,372,897	19.11%
2002	\$ 2,991,100	\$ 7,111,782	42.06%
2003	\$ 1,064,280	\$ 5,203,707	20.45%
2004	\$ 908,747	\$ 4,405,784	20.63%
2005	\$ 899,800	\$ 4,123,144	21.82%

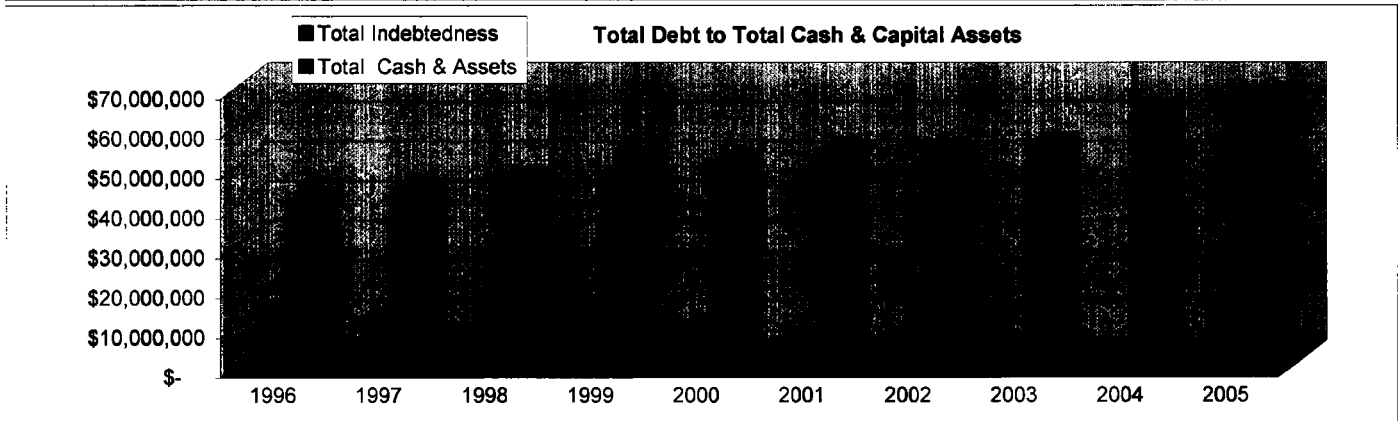
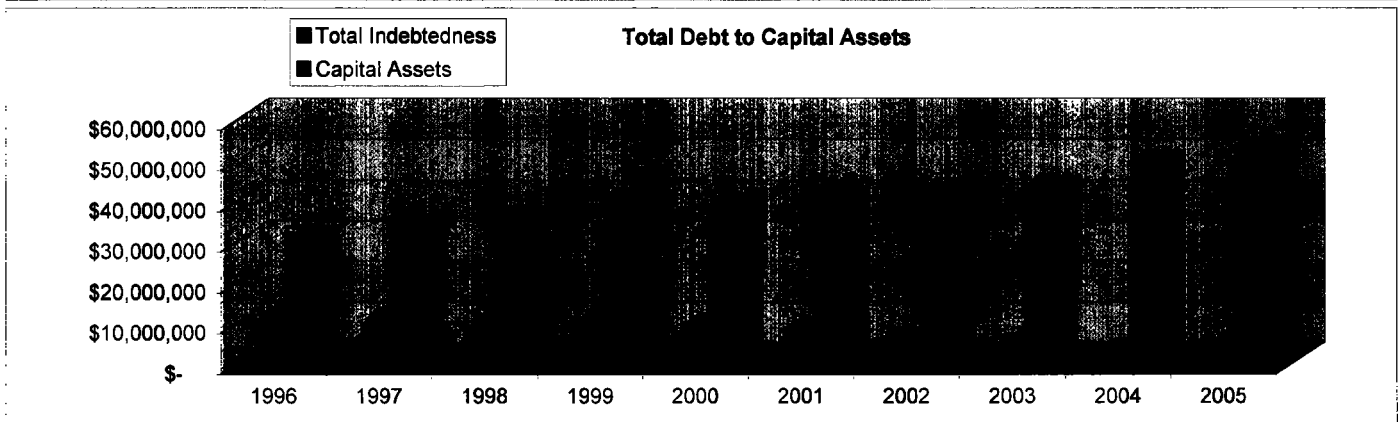
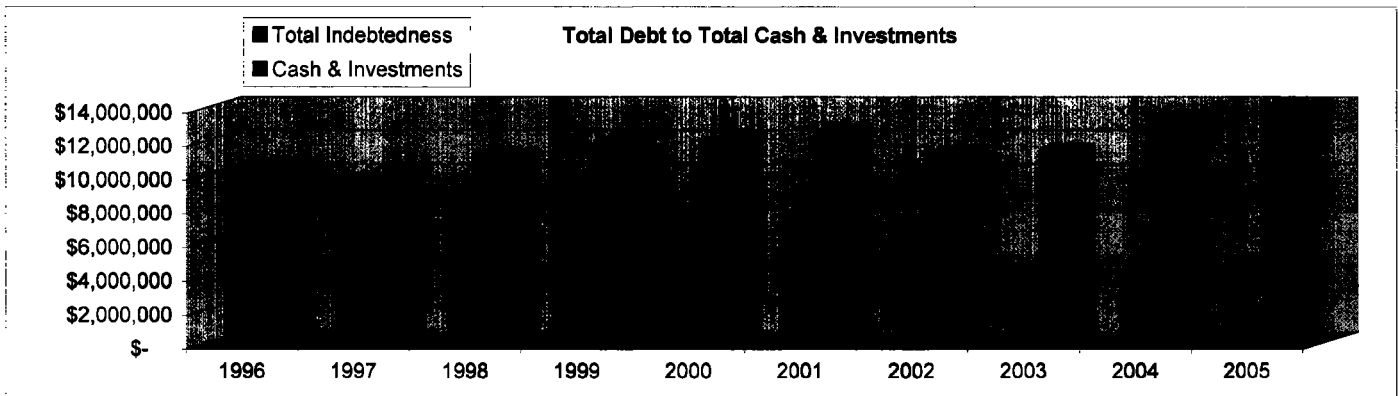


Source: District accounting records

# SOUTH DAVIS SEWER DISTRICT

## Debt to Asset Ratios Last Ten Fiscal Years

Year	Total Indebtedness	Cash & Investments	% of Debt : Cash	Total Capital Assets	% of Debt : Asset	Total Cash & Assets	% of Debt to Cash & Assets
1996	\$ 10,343,000	\$ 10,362,077	99.82%	\$ 29,892,492	34.60%	\$ 40,254,569	25.69%
1997	\$ 9,745,000	\$ 9,917,715	98.26%	\$ 33,209,030	29.34%	\$ 43,126,745	22.60%
1998	\$ 9,124,000	\$ 11,148,871	81.84%	\$ 34,813,912	26.21%	\$ 45,962,783	19.85%
1999	\$ 8,478,000	\$ 11,829,207	71.67%	\$ 36,905,596	22.97%	\$ 48,734,803	17.40%
2000	\$ 7,806,000	\$ 11,983,431	65.14%	\$ 38,243,829	20.41%	\$ 50,227,260	15.54%
2001	\$ 7,107,000	\$ 12,526,678	56.73%	\$ 40,703,423	17.46%	\$ 53,230,101	13.35%
2002	\$ 4,582,000	\$ 11,155,533	41.07%	\$ 41,572,665	11.02%	\$ 52,728,198	8.69%
2003	\$ 3,635,000	\$ 11,429,544	31.80%	\$ 43,290,585	8.40%	\$ 54,720,129	6.64%
2004	\$ 2,845,000	\$ 13,390,570	21.25%	\$ 49,408,751	5.76%	\$ 62,799,321	4.53%
2005	\$ 2,020,000	\$ 13,989,242	14.44%	\$ 52,526,840	3.85%	\$ 66,516,082	3.04%



Source: District accounting records



**SOUTH DAVIS SEWER DISTRICT**  
**Davis County Demographic Statistics**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population</u>	<u>Births</u>	<u>Deaths</u>	<u>Per Capita Income</u>	<u>Non-Agricultural Avg Monthly Wage</u>	<u>Annualized % Unemployment Rate</u>	<u>Total Public School Enrollment</u>
1996	219,644	2,693	783	\$20,091	\$1,979	3.20%	58,268
1997	223,319	2,635	809	\$21,599	\$2,002	2.90%	58,835
1998	230,000	2,647	866	\$22,650	\$2,086	3.50%	58,767
1999	237,000	2,755	910	\$23,405	\$2,154	3.50%	58,562
2000	238,994	2,781	943	\$25,064	\$2,290	3.00%	58,867
2001	244,000	2,967	963	\$25,430	\$2,415	3.90%	58,754
2002	248,000	2,840	1,038	\$25,947	\$2,497	5.20%	58,900
2003	256,000	2,890	1,072	\$26,943	\$2,584	5.20%	60,025
2004	269,000	2,974	1,666	\$27,525	\$2,650	4.40%	60,614
2005	281,000	3,002	1,084	\$28,081	\$2,731	4.00%	62,349

Sources: Davis County Department of Community & Economic Development  
Davis County Health Department - Vital Statistics  
U.S Bureau of Economic Analysis  
Utah Department of Workforce Services - Labor Information Division  
Davis County School District

## SOUTH DAVIS SEWER DISTRICT

### Davis County Vitals, Population, & Climate Statistics

#### Vitals

2005 Population	281,000
Cities	15
Largest City	Layton
County Seat	Farmington
2004 Job Growth Rate	4.9%
2002 Avg. Monthly Wage	\$2,585
Median Age	24 Years
Median Home Price	\$160,000
Employment Offered in Davis Co.	93,750
Employment Base	125.100

#### Major Employers

Hill Air Force Base	23,000-25,000
Davis County School District	5,000-7,000
Lifetime Products	1,000-2,000
Davis County	800-900
Lagoon Inc.	700-1,000
Smith's Distribution	700-1,000
Utility Trailer and Manufacturing	700-1,000
Albertson's	500-700
Amusement Services	500-700
Associates Commerce Solutions	500-700
Davis Hospital and Medical Center	650-700
Lakeview Hospital	500-700
Pioneer Adult Rehabilitation	500-700

#### Population

Davis County's population increases 2% each year. The County has the smallest land mass of any county in the state at 268 square miles, and yet is the third most populated.

- There are roughly 933 people per square mile in Davis County
- 7.3% of the Davis County population belong to an ethnic or minority group
- 40% of the population are under the age of 17
- The median age is 24 years

Population growth estimates for Davis County:

2000	240,000
2005	275,000
2010	310,000
2020	380,000

#### Climate

Average low winter temperatures:	20.6 degrees
Average high summer temperatures:	92.8 degrees
Precipitation:	18.71 inches

Davis County enjoys four distinct seasons.

\*Source: Davis County Government

**SOUTH DAVIS SEWER DISTRICT**  
Public Water Systems Serving Davis County  
For The Year Ending December 31, 2005

Water System Name	Population Served	Annual Deliveries (acre-feet)	Sources of Cullinary Water
Weber Basin Water Conservancy - South	78,100	27,000	Weber River (85%) Wells (15%)
Layton Water System	65,000	11,200	WBWCD (55%) Wells (45%)
Bountiful City	37,500	5,300	Wells (75%) Local Streams (15%) WBWCD (10%) South Davis WD (10%)
Clearfield City	26,640	5,300	WBWCD (75%) Wells (25%)
Hill Air Force Base	22,082	3,100	Wells ( 70%) WBWCD (30%)
Kaysville City	20,000	2,200	WBWCD (100%)
Centerville City	14,500	1,600	Wells (75%) WBWCD (25%)
Clinton City	13,923	1,300	WBWCD (100%)
Farmington City	12,800	1,500	Wells (75%) WBWCD (25%)
South Davis Water District	9,277	1,000	Wells, Springs (65%) WBWCD (35%)
West Point Water System	7,000	500	WBWCD (75%) Wells (25%)
North Salt Lake	6,474	3,400	Wells (65%) WBWCD (35%)
Woods Cross Water System	6,400	1,100	Wells (90%) WBWCD (10%)
Sunset Water System	5,800	1,200	WBWCD (100%)
South Weber Water System	5,200	660	WBWCD (70%) Wells (30%)
West Bountiful Water System	5,175	680	WBWCD (70%) Wells (30%)
Fruit Heights	5,000	480	WBWCD (90%) Wells (10%)
Syracuse Water System	3,575	900	WBWCD (100%)
Mutton Hollow Improvement District	560	200	WBWCD (100%)

Note: WBWCD: Weber Basin Water Conservancy District; WD: South Davis Water District.

Sources: Environmental Protection Agency, Utah Division of Water Rights, Utah Department of Natural Resources

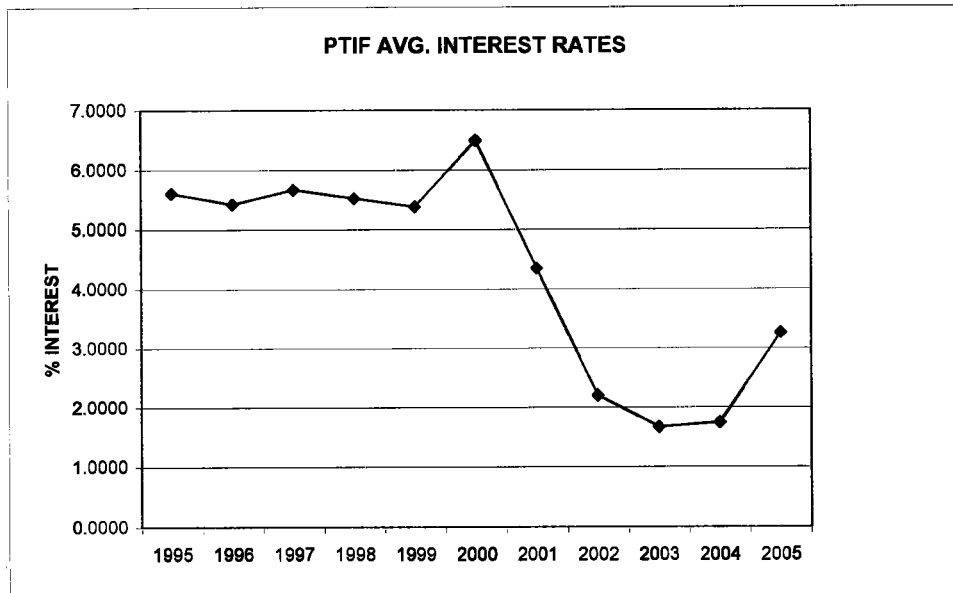
**SOUTH DAVIS SEWER DISTRICT**  
2005 Davis County Tax Factors

Davis County Assess & Collect	0.000072
Davis County Mosquito Abatement	0.000091
Bountiful Water	0.000147
Utah Assess & Collect	0.000173
Davis County 1988 Jail Bond	0.000175
Weber Basin Water	0.000193
Central Davis Sewer District	0.000259
South Davis Water District	0.000316
<b>South Davis Sewer District</b>	<b>0.000357</b>
Davis County Library	0.000426
Hooper Water Improvement	0.000455
Farmington Pres Water	0.000508
South Davis Recreation Center	0.000536
Central Weber Sewer District	0.000567
North Davis Sewer District	0.000763
Woods Cross City	0.000923
Special Service Area	0.000940
Syracuse City	0.001043
Sunset City	0.001147
South Weber City	0.001166
Bountiful City	0.001194
Centerville City	0.001436
West Bountiful City	0.001482
Davis County	0.001501
Kaysville City	0.001519
West Point City	0.001539
North Salt Lake City	0.001645
Utah Statewide School Rate	0.001720
Fruit Heights City	0.001980
Clinton City	0.002087
Layton City	0.002134
Farmington City	0.002336
Clearfield City	0.002980
Davis County School District	0.005964

Source: Davis County Treasurer's Office

**SOUTH DAVIS SEWER DISTRICT**  
**Public Treasurer Investment Fund Historical Interest Rates**  
1995 to 2005

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>Jan</b>	5.5040	5.4027	5.5304	5.6271	5.1311	6.0622	6.2131	2.3137	1.9811	1.5015	2.4147
<b>Feb</b>	5.6086	5.3143	5.5311	5.6333	5.0944	6.1132	5.7441	2.2158	1.8501	1.4919	2.5621
<b>Mar</b>	5.7107	5.3164	5.5531	5.6377	5.0930	6.1601	5.4861	2.2301	1.8150	1.4708	2.7275
<b>Apr</b>	5.7768	5.3971	5.6796	5.6358	5.0744	6.2573	5.0621	2.2447	1.7502	1.4233	2.8961
<b>May</b>	5.7710	5.3410	5.7007	5.6301	5.0833	6.4215	4.7159	2.2501	1.7460	1.4544	3.0110
<b>Jun</b>	5.7111	5.3742	5.7894	5.6918	5.1709	6.6111	4.4193	2.2610	1.6546	1.5245	3.1816
<b>Jul</b>	5.6012	5.4204	5.7002	5.6133	5.2337	6.7021	4.0985	2.2332	1.5678	1.7032	3.2684
<b>Aug</b>	5.5740	5.5359	5.7679	5.5525	5.3724	6.7073	3.9318	2.1897	1.5316	1.8114	3.4505
<b>Sep</b>	5.5677	5.5020	5.6820	5.4557	5.5030	6.7091	3.6551	2.1550	1.5264	1.9166	3.6000
<b>Oct</b>	5.5164	5.5142	5.6914	5.3631	5.7795	6.8032	3.2434	2.1724	1.5251	2.0555	3.8029
<b>Nov</b>	5.5193	5.5238	5.7056	5.2600	6.0873	6.6703	3.0711	2.1583	1.5100	2.2321	4.0118
<b>Dec</b>	5.4560	5.5245	5.6979	5.1855	6.0253	6.6614	2.5170	2.0276	1.5251	2.3126	4.1486
<b>Avg</b>	<b>5.6097</b>	<b>5.4305</b>	<b>5.6691</b>	<b>5.5238</b>	<b>5.3874</b>	<b>6.4899</b>	<b>4.3485</b>	<b>2.2043</b>	<b>1.6653</b>	<b>1.7415</b>	<b>3.2563</b>



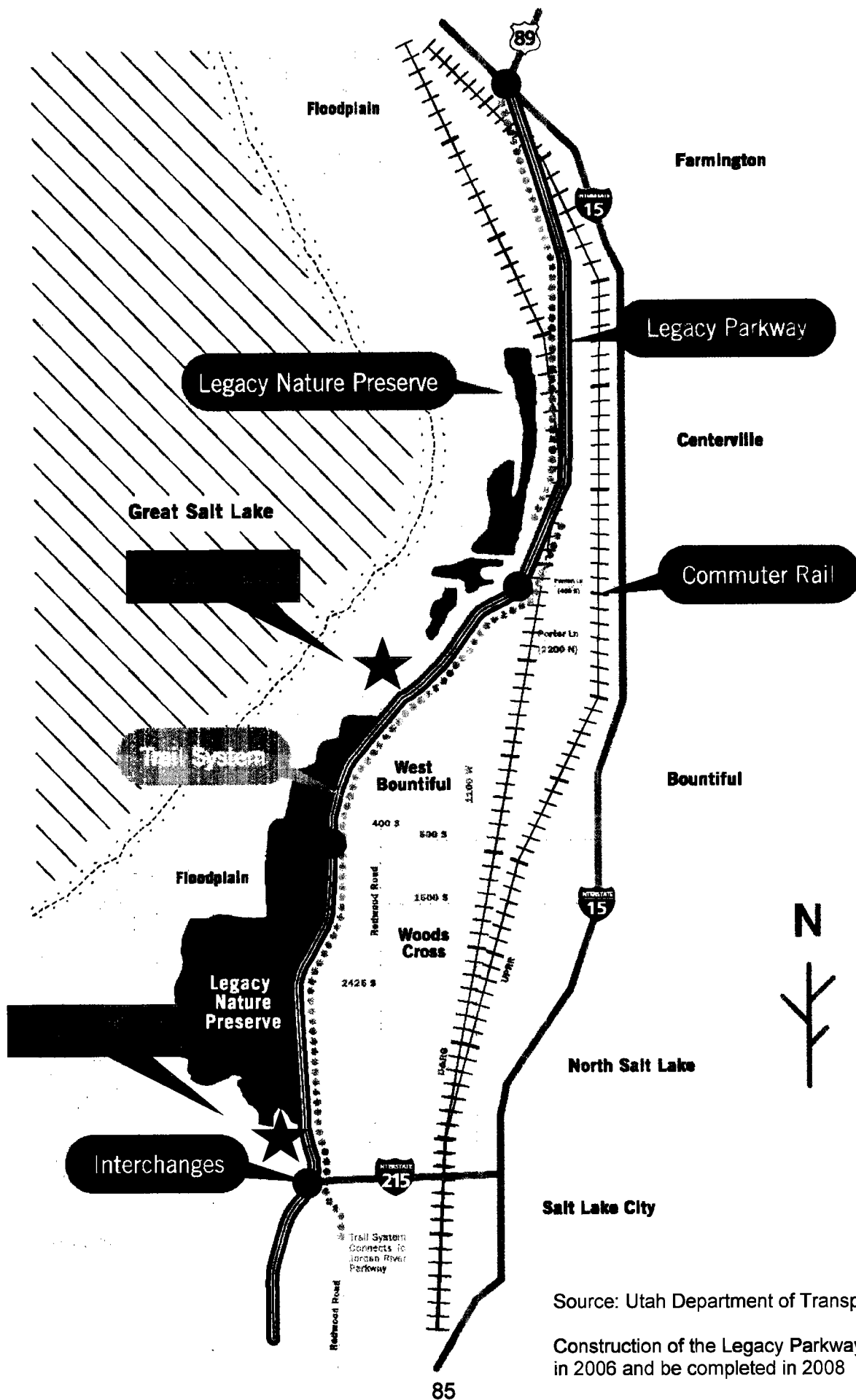
Source: Utah State Treasurer's Office

**Permit-Authorized Construction in Utah**  
**1996-2005**  
**Last Ten Fiscal Years**  
(values in thousands)

Year	Number of New Dwelling Units	Residential Construction Value	Nonresidential Construction Value	Value of Additions, Alterations and Repairs		Total Construction Value
				Residential	Nonresidential	
1996	23,737	2,104,513	951,778	105,121	281,188	3,442,601
1997	20,687	1,943,512	1,370,958	124,800	282,347	3,721,619
1998	21,743	2,188,670	1,148,406	128,357	332,969	3,798,403
1999	20,350	2,238,116	1,195,373	123,663	413,721	3,970,872
2000	18,154	2,139,556	1,213,040	124,494	458,831	3,935,921
2001	19,675	2,352,727	969,829	193,276	369,561	3,885,393
2002	19,541	2,491,879	897,052	157,572	235,415	3,781,918
2003	22,836	3,046,386	1,017,472	142,738	354,255	4,560,853
2004	24,293	3,553,121	1,089,900	156,147	319,932	5,119,101
2005	28,285	4,662,641	1,217,818	184,510	523,088	6,588,059
10-year Avg.	21,930	\$ 2,672,113	\$ 1,107,163	\$ 144,068	\$ 357,131	\$ 4,280,474

Source: Bureau of Economic and Business Research, Construction Report, University of Utah.

# Legacy Parkway Site Plan



Source: Utah Department of Transportation

Construction of the Legacy Parkway will begin in 2006 and be completed in 2008

**SOUTH DAVIS SEWER DISTRICT**  
**Employees by Department**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Treatment Plants</b>	<b>Collection System</b>	<b>Maintenance</b>	<b>Engineering/ Admin.</b>	<b>Industrial Pretreatment</b>	<b>Total</b>
<b>1996</b>	7	3	2	6	1	<b>19</b>
<b>1997</b>	7	3	2	6	1	<b>19</b>
<b>1998</b>	7	3	2	7	1	<b>20</b>
<b>1999</b>	7	3	3	7	1	<b>21</b>
<b>2000</b>	6	3	4	7	1	<b>21</b>
<b>2001</b>	7	4	4	6	1	<b>22</b>
<b>2002</b>	7	4	4	6	1	<b>22</b>
<b>2003</b>	6	6	4	6	1	<b>23</b>
<b>2004</b>	6	6	3	7	1	<b>23</b>
<b>2005</b>	6	5	2	7	1	<b>21</b>
<b>Avg.</b>	<b>6.6</b>	<b>4</b>	<b>3</b>	<b>6.5</b>	<b>1</b>	<b>21.1</b>

Source: District employment records

Notes: Full time employees are scheduled to work 2,080 hours per year (including vacation, and sick leave).

The Bountiful City sewer system was transferred to the District on 1/1/04. This transfer brought an additional 9000 customer's to be serviced and maintained.



**SOUTH DAVIS SEWER DISTRICT**  
**Operator Certification Program**  
**For The Year Ending December 31, 2005**

<b>Employee</b>	<b>Collection Operator Certification Level</b>	<b>Treatment Operator Certification Level</b>
Mike C. Bradshaw	Grade IV	Grade I
John K. Davies	Grade IV	
Shane E. Fleming	Grade II	
Corry J. King		Grade IV
Eddie D. Marsing	Grade IV	Grade IV
Marty G. Marsing	Grade IV	
Brent M. Maxwell	Grade IV	Grade IV
Timothy E. Munden		Grade IV
Eric S. Nemcek		Grade IV
Brandon S. Rice	Grade IV	
Stephen J. Rix	Grade IV	
Dean A. Rushton	Grade II	
Earl W. Seely	Grade IV	
Carl E. Trimming	Grade II	
Dal D. Wayment	Grade IV	Grade IV
Zane R. Young		Grade IV

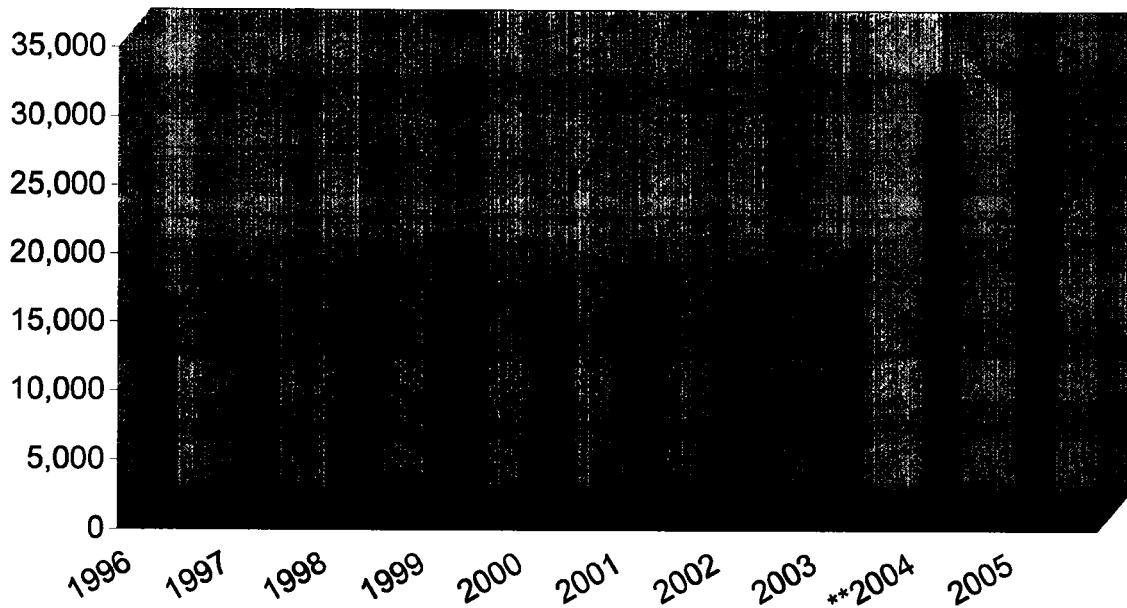
Source: District employment records and State of Utah, Division of Water Quality records.

In accordance with Section 19-5-104 of the Utah Code, wastewater operators, both in collection and treatment systems, are to be certified. This certification is regulated by the Division of Water Quality, State of Utah.

**SOUTH DAVIS SEWER DISTRICT**  
**Equivalent Dwelling Units - ( EDU'S )**  
**Last Ten Fiscal Years**

<u>YEAR</u>	<u>EDU'S</u>
1996	14,699
1997	14,930
1998	15,648
1999	16,098
2000	16,442
2001	17,064
2002	17,429
2003	18,023
** 2004	31,285
2005	31,613

**Equivalent Dwelling Units**  
**EDU'S**



\* 1 EDU (equivalent dwelling unit) = 200,000 gallons of water use annually

\*\* Bountiful City sewer system transfer

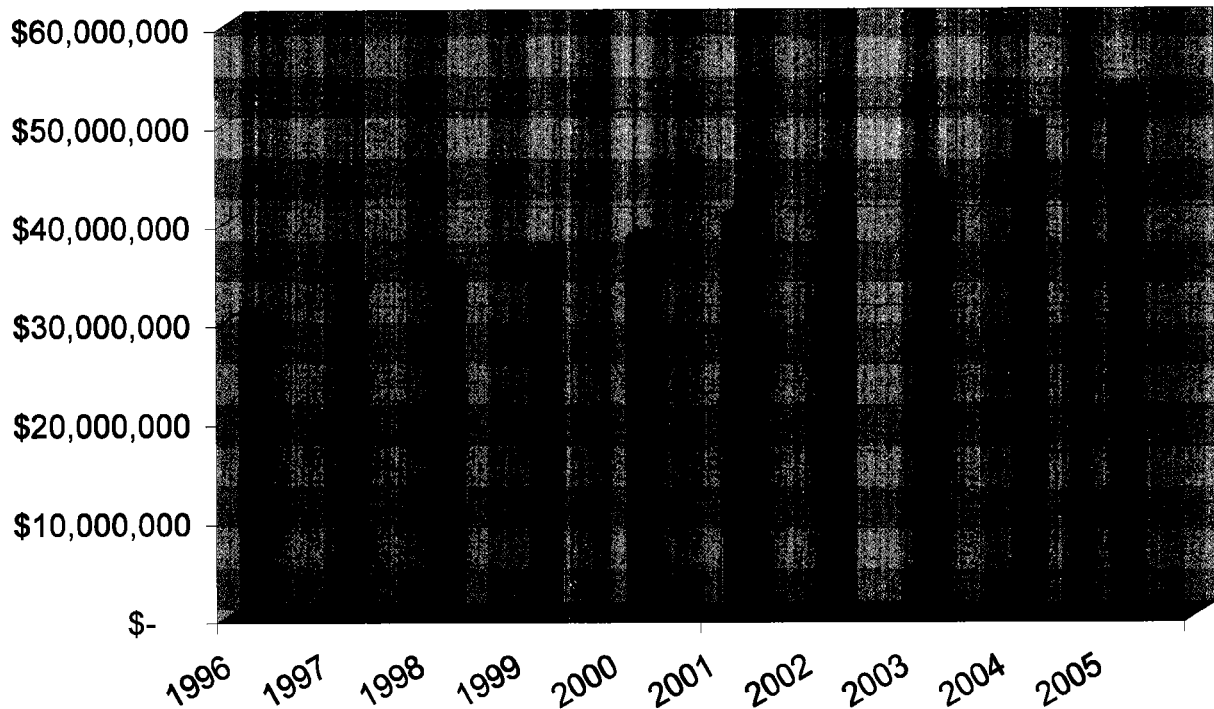
Source: District Accounting Records

## SOUTH DAVIS SEWER DISTRICT

### Capital Asset Balances Last Ten Fiscal Years

Year	Collection System	Treatment Plants	Land	Total
1996	\$ 9,829,561	\$ 19,989,337	\$ 73,694	\$ 29,892,592
1997	\$ 10,575,828	\$ 22,559,508	\$ 73,694	\$ 33,209,030
1998	\$ 11,941,474	\$ 22,798,744	\$ 73,694	\$ 34,813,912
1999	\$ 13,039,320	\$ 23,725,582	\$ 73,694	\$ 36,838,596
2000	\$ 13,992,870	\$ 24,177,265	\$ 73,694	\$ 38,243,829
2001	\$ 15,886,017	\$ 24,743,712	\$ 73,694	\$ 40,703,423
2002	\$ 16,741,977	\$ 24,756,994	\$ 73,694	\$ 41,572,665
2003	\$ 17,526,072	\$ 25,690,819	\$ 73,694	\$ 43,290,585
2004	\$ 22,266,526	\$ 27,068,531	\$ 73,694	\$ 49,408,751
2005	\$ 25,466,865	\$ 27,286,281	\$ 73,694	\$ 52,826,840

### 2005 Capital Asset Balances



Source: District capital asset records

**SOUTH DAVIS SEWER DISTRICT**  
**Capital Asset Summary**  
**For the Year Ended December 31, 2005**

COST							ACCUMULATED DEPRECIATION						
Acct #	Description	Balances 12/31/04	Additions	Deletions	Transfers	Balances 12/31/05	Acct #	Balances 12/31/04	Depreciation Expense	Deletions	Transfers	Balances 12/31/05	
305	0.01 Building & Facilities	241,203.51	14,740.95	(68,798.93)	-0-	187,145.53	310	0.01	-0-	68,798.93	-0-	(88,070.67)	
305	0.02 Building & Facilities	19,473,869.08	181,375.08	-0-	-0-	19,655,244.16	310	0.02	-0-	-0-	-0-	(8,581,986.32)	
305	0.04 Construction in Progress	71,869.65	-0-	-0-	-0-	71,869.65			-0-	-0-	-0-	-0-	
315	0.01 Outfall/Sewer Lines	20,754,195.82	2,923,487.00	-0-	-0-	23,677,682.82	320	0.01	-0-	-0-	-0-	(3,675,563.97)	
315	0.02 Outfall/Sewer Lines	6,255,758.56	-0-	-0-	-0-	6,255,758.56	320	0.02	-0-	-0-	-0-	(1,290,559.59)	
315	0.04 Outfall/Sewer Lines	-	-0-	-0-	-0-	-0-	320	0.04	-0-	-0-	-0-	-0-	
325	0.01 Operation & Sup Equip.	17,500.00	(7,899.73)	-0-	-0-	9,600.27	330	0.01	(2,500.00)	-0-	-0-	(2,500.00)	
325	0.02 Operation & Sup Equip.	8,725.00	-0-	-0-	-0-	8,725.00	330	0.02	(907.60)	-0-	-0-	(8,789.36)	
335	0.01 Tools & Test Equip.	367,531.11	41,158.59	-0-	-0-	408,689.70	340	0.01	(63,816.87)	-0-	-0-	(202,521.14)	
335	0.02 Tools & Test Equip.	134,559.00	18,914.25	-0-	-0-	153,473.25	340	0.02	(9,559.07)	-0-	-0-	(118,638.10)	
335	0.03 Tools & Test Equip.	88,817.04	19,919.00	-0-	-0-	108,736.04	340	0.03	(81,737.66)	-0-	-0-	(85,070.20)	
345	0.01 Mobile Equipment	708,252.61	292,740.75	-0-	-0-	1,000,993.36	350	0.01	(408,566.97)	-0-	-0-	(480,638.55)	
345	0.02 Mobile Equipment	803,804.45	59,684.00	(67,053.94)	-0-	796,434.51	350	0.02	(88,321.50)	52,833.31	-0-	(650,885.20)	
345	0.03 Mobile Equipment	25,109.96	2,149.82	(2,149.82)	-0-	25,109.96	350	0.03	(4,742.12)	-0-	-0-	(5,291.12)	
355	0.01 Office Furn. & Equip.	177,842.46	4,910.68	-0-	-0-	182,753.14	360	0.01	(15,096.51)	-0-	-0-	(128,025.30)	
355	0.02 Office Furn. & Equip.	201,169.82	4,910.69	-0-	-0-	206,080.51	360	0.02	(16,181.37)	-0-	-0-	(151,772.45)	
355	0.03 Office Furn. & Equip.	4,849.56	-0-	-0-	-0-	4,849.56	360	0.03	(630.14)	-0-	-0-	(3,641.84)	
365	0.01 Land & Right-Of-Ways	3,766.00	-0-	-0-	-0-	3,766.00			-0-				
365	0.02 Land & Right-Of-Ways	69,927.80	-0-	-0-	-0-	69,927.80							
			-0-	-0-	-0-	-0-							
		49,408,751.43	3,556,091.08	(138,002.69)	-0-	52,826,839.82		(15,318,426.75)	(277,159.30)	121,632.24	-0-	(15,473,953.81)	

Source: District capital asset records

**SOUTH DAVIS SEWER DISTRICT**  
Capital Asset Additions  
For The Year Ended December 31, 2005

Asset Description	ID #	Collections (.01)	Plants (.02)	Indust. Pretreat. (.03)	Capital Expansion (.04)	Total
<b>BUILDINGS AND FACILITIES (A/C 305)</b>						
SHEEP ROAD LIFT STATION	1 1928	14,740.95	-0-			14,740.95
S/P SANDFILTER/REUSE	2 1316		42,893.70		-0-	42,893.70
S/P SANDFILTER BLDG ROAD	2 1673		3,994.48			3,994.48
S/P SANDFILTER BLOWER	2 1656		25,347.93			25,347.93
S/P SANDFILTER BLOWER BLDG	2 1669		23,238.49			23,238.49
S/P BOILER	2 1667		33,695.00		-0-	33,695.00
S/P ACCESS ROAD	2 700		35,758.08		-0-	35,758.08
S/P ACCESS ROAD FENCE	2 1671		9,513.00			9,513.00
N/P DIESEL FUEL TANK	2 723		3,726.00		-0-	3,726.00
S/P COVERED STORAGE	2 1672		3,208.40		-0-	3,208.40
<b>SUBTOTAL</b>		<b>14,740.95</b>	<b>181,375.08</b>	<b>-0-</b>	<b>-0-</b>	<b>196,116.03</b>
<b>OUTFALL/SEWER LINES (A/C 315)</b>						
CONTRIBUTED "DEEDED" LINES	11 5176	2,923,487.00	-0-			2,923,487.00
<b>SUBTOTAL</b>		<b>2,923,487.00</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>2,923,487.00</b>
<b>OPERATION &amp; SUPPORT EQUIPMENT (A/C 325)</b>						
				-0-		
AERIAL SURVEY PHOTOS 2003	17 5911	160.00				160.00
AERIAL SURVEY PHOTOS 2004	17 5911	495.95				495.95
AERIAL SURVEY REIMBURSEMENT	17 5911	(8,555.68)	-0-	-0-		(8,555.68)
<b>SUBTOTAL</b>		<b>(7,899.73)</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>(7,899.73)</b>
<b>TOOLS AND TEST EQUIPMENT (A/C 335)</b>						
GIS OPERATING SYSTEM	8 2258	17,891.32				17,891.32
C/S LAPTOP	8 2285	2,599.12				2,599.12
C/S JACKHAMMER	8 2286	2,408.25				2,408.25
OPTICAL ROBOTIC TV CAMERA	8 2288	8,590.08				8,590.08
C/S IRRIGATION PIPE	8 2289	3,832.32				3,832.32
OFFICE SIDING/WINDOWS	15 0006	5,837.50				5,837.50
OFFICE SIDING/WINDOWS	15 0006		5,837.50			5,837.50
AMERICAN SIGMA 900	5 4168	-0-	1,768.00			1,768.00
AMERICAN SIGMA 900	5 4168	-0-	1,768.00			1,768.00
N/P E-COLI LAB EQUIPMENT	5 4170	-0-	4,770.38			4,770.38
S/P E-COLI LAB EQUIPMENT	5 4171	-0-	4,770.37			4,770.37
IPT SAMPLERS	12 2452	-0-		1,785.17		1,785.17
IPT SAMPLERS	12 2453	-0-		1,785.17		1,785.17
IPT SAMPLERS	12 2454	-0-		1,785.17		1,785.17
IPT SAMPLERS	12 2455	-0-		1,785.17		1,785.17
IPT SAMPLERS	12 2456	-0-		2,214.16		2,214.16
IPT SAMPLERS	12 2457	-0-		2,214.16		2,214.16
IPT SAMPLERS	12 2458	-0-	-0-	6,582.00		6,582.00
IPT SAMPLERS	12 2459			1,768.00		1,768.00
<b>SUBTOTAL</b>		<b>41,158.59</b>	<b>18,914.25</b>	<b>19,919.00</b>	<b>-0-</b>	<b>79,991.84</b>
<b>MOBILE EQUIPMENT (A/C 345)</b>						
GODWIN PORTABLE PUMB	8 3464	15,000.00			-0-	15,000.00
MH TRUCK ENGINE REPLACEMENT	8 3430	5,241.55			-0-	5,241.55
BOBCAT TRAILER	9 3431	3,744.00				3,744.00
C/S BOBCAT LOADER	9 3449	6,968.20	-0-			6,968.20
DISASTER CLEAN-UP VAN	9 3457	250.00	-0-			250.00
VAC-CON 2005	9 3460	144,500.00				144,500.00
FORD F-450 2005	9 3461	34,492.00				34,492.00
C/S COBRA TV VAN 2000	9 3462	82,545.00				82,545.00
N/P FORD F-250 2005	4 3091		29,842.00			29,842.00
S/P FORD F-250 2005	4 3092		29,842.00			29,842.00
IPT VAN	13 2508	-0-		2,149.82		2,149.82
<b>SUBTOTAL</b>		<b>292,740.75</b>	<b>59,684.00</b>	<b>2,149.82</b>	<b>-0-</b>	<b>354,574.57</b>
<b>OFFICE FURNITURE &amp; EQUIPMENT (A/C 355)</b>						
GIS OPERATION SYSTEM	16 4611	4,910.68			-0-	4,910.68
GIS OPERATION SYSTEM	16 4611	-0-	4,910.69		-0-	4,910.69
<b>SUBTOTAL</b>		<b>4,910.68</b>	<b>4,910.69</b>	<b>-0-</b>	<b>-0-</b>	<b>9,821.37</b>
<b>GRAND TOTAL</b>		<b>3,269,169.24</b>	<b>183,894.02</b>	<b>21,068.82</b>	<b>-0-</b>	<b>3,556,991.08</b>

7-1. %

Source: District capital asset records

## **SOUTH DAVIS SEWER DISTRICT**

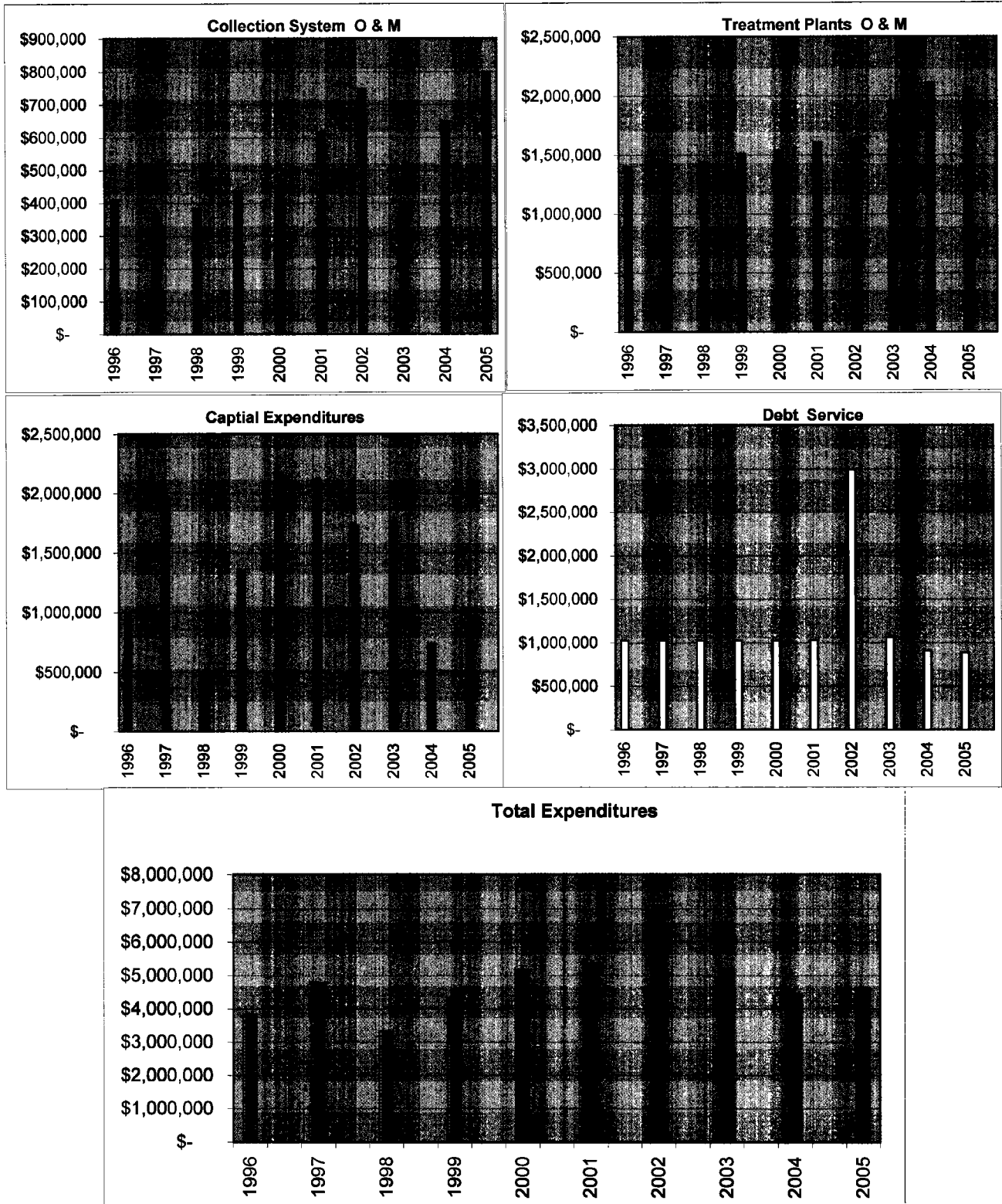
Expenditures by Function  
Last Ten Fiscal Years

<b>Year</b>	<b>Collection System O &amp; M</b>	<b>Treatment Plants O &amp; M</b>	<b>Capital Expenditures</b>	<b>Debt Service</b>	<b>Total Expenditures</b>
1996	\$ 412,262	\$ 1,395,896	\$ 995,209	\$ 1,024,690	\$ 3,828,057
1997	\$ 362,541	\$ 1,415,521	\$ 1,982,264	\$ 1,025,227	\$ 4,785,553
1998	\$ 384,087	\$ 1,436,387	\$ 480,796	\$ 1,025,250	\$ 3,326,520
1999	\$ 437,135	\$ 1,513,303	\$ 1,352,630	\$ 1,024,930	\$ 4,327,998
2000	\$ 450,556	\$ 1,537,168	\$ 2,180,239	\$ 1,025,010	\$ 5,192,973
2001	\$ 618,287	\$ 1,606,737	\$ 2,120,873	\$ 1,027,000	\$ 5,372,897
2002	\$ 748,953	\$ 1,639,022	\$ 1,732,707	\$ 2,991,100	\$ 7,111,782
2003	\$ 404,428	\$ 1,961,707	\$ 1,773,292	\$ 1,064,280	\$ 5,203,707
2004	\$ 649,461	\$ 2,107,083	\$ 740,493	\$ 908,747	\$ 4,405,784
2005	\$ 798,533	\$ 2,071,101	\$ 852,282	\$ 884,770	\$ 4,606,686

Source: District accounting records

# SOUTH DAVIS SEWER DISTRICT

## Expenditure by Function Last Ten Fiscal Years



Source: District accounting records

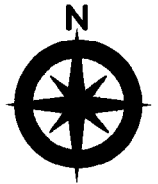
Revenue bonds were refunded in 2003 for a lower interest rate and shorter maturity.

GASB statement 34 was implemented in 2004 under the modified approach.

**SOUTH DAVIS SEWER DISTRICT**  
Collection System  
For The Year Ending December 31, 2005

Statistics

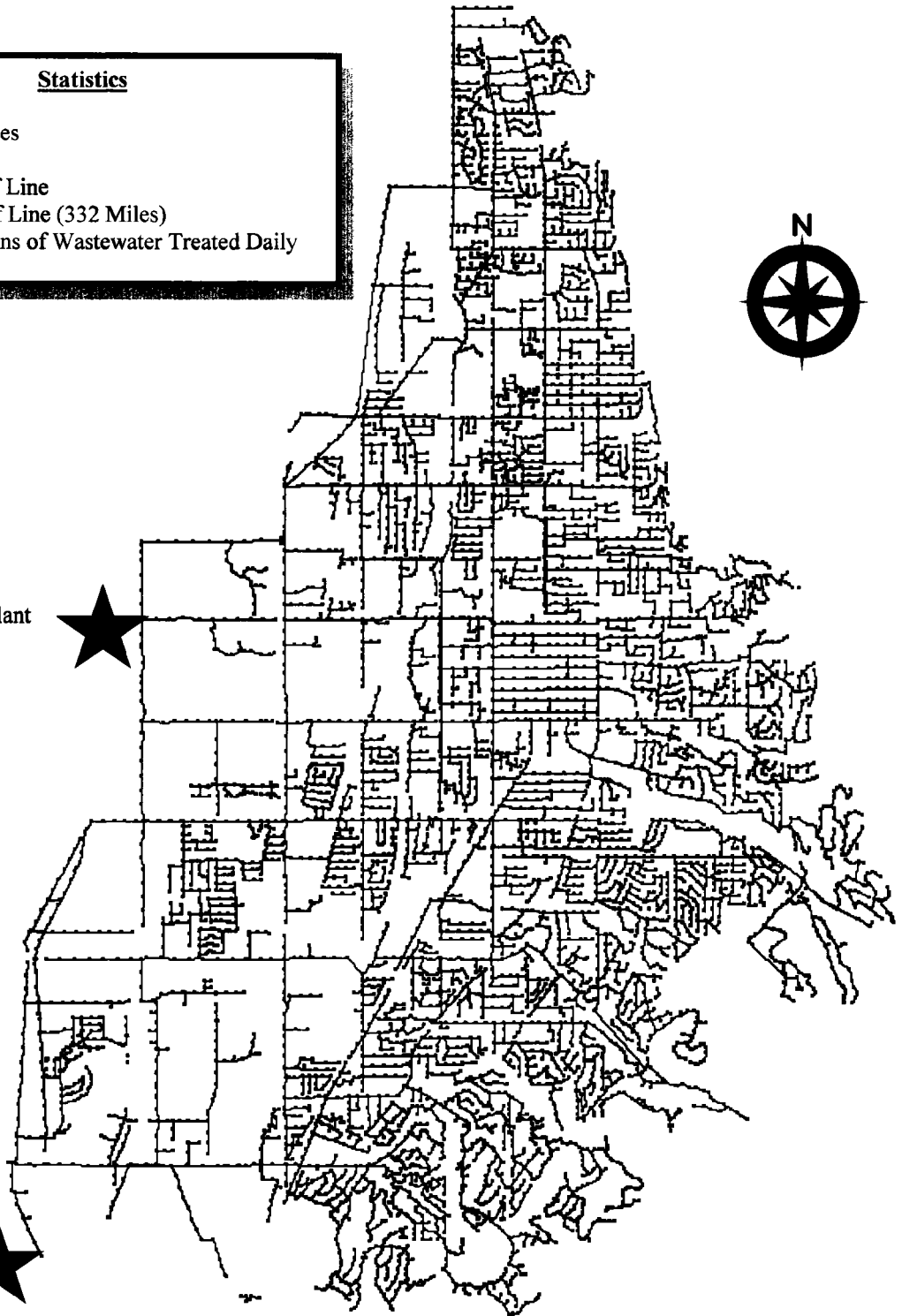
34.38 Square Miles  
7,288 Manholes  
8,064 Sections of Line  
1,685,000 Feet of Line (332 Miles)  
10,000,000 Gallons of Wastewater Treated Daily



North Treatment Plant



South Treatment Plant



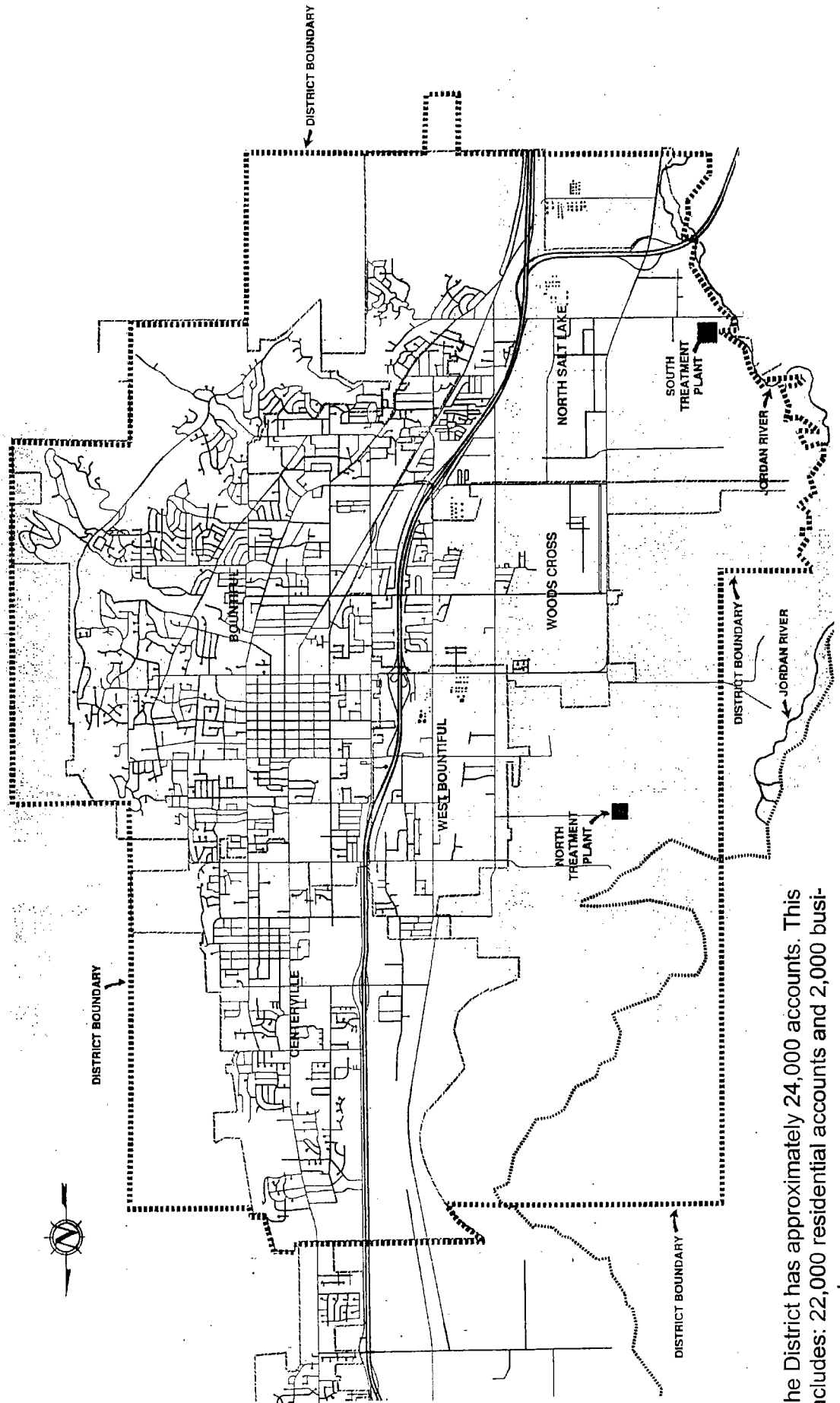


## SOUTH DAVIS SEWER DISTRICT

### Service Area

For The Year Ending December 31, 2005

The South Davis Sewer District serves the southern portion of Davis County. This includes Centerville, West Bountiful, Bountiful, Woods Cross, North Salt Lake, and unincorporated areas of Davis County.



The District has approximately 24,000 accounts. This includes: 22,000 residential accounts and 2,000 business accounts.

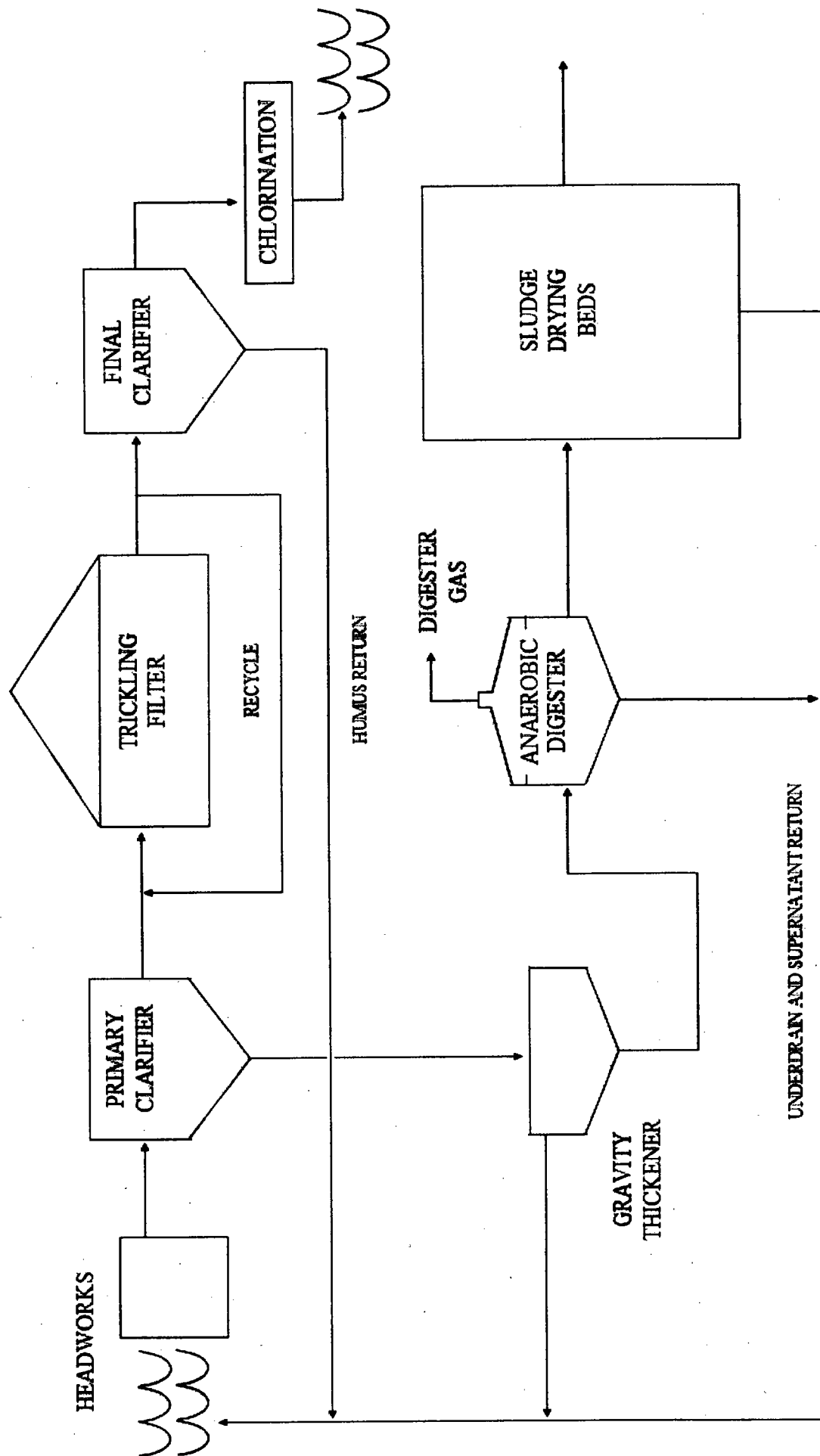
**SOUTH DAVIS SEWER DISTRICT**  
**Summary of Insurance Coverage**  
**For The Year Ended December 31, 2005**

<u>Carrier</u>	<u>Policy No.</u>	<u>Coverage</u>	<u>Policy Period</u>
Utah Local Governments Trust	13800-GL2005	General Liability (\$5,000,000) Bodily Injury Personal Injury Property Damage Public Officials Errors/Omissions	1/1/05 to 1/1/06
Utah Local Governments Trust	PX809764	Property (\$27,400,628)	7/1/04 to 7/1/05
Utah Local Governments Trust	PX809764	Property (\$27,988,456)	7/1/05 to 7/1/06
ATP Insurance/Agency CNA Surety	0601 69389583	*Fidelity Bond (\$216,540) Treasurer	12/31/04 to 12/31/05
ATP Insurance/Agency CNA Surety	0601 68748093	Public Employee Dishonest Bond Employees (\$25,000) Check Signers (\$125,000)	12/31/04 to 12/31/05
Utah Local Governments Trust	SI-903 13800	Workers Compensation	1/1/05 to 1/1/06

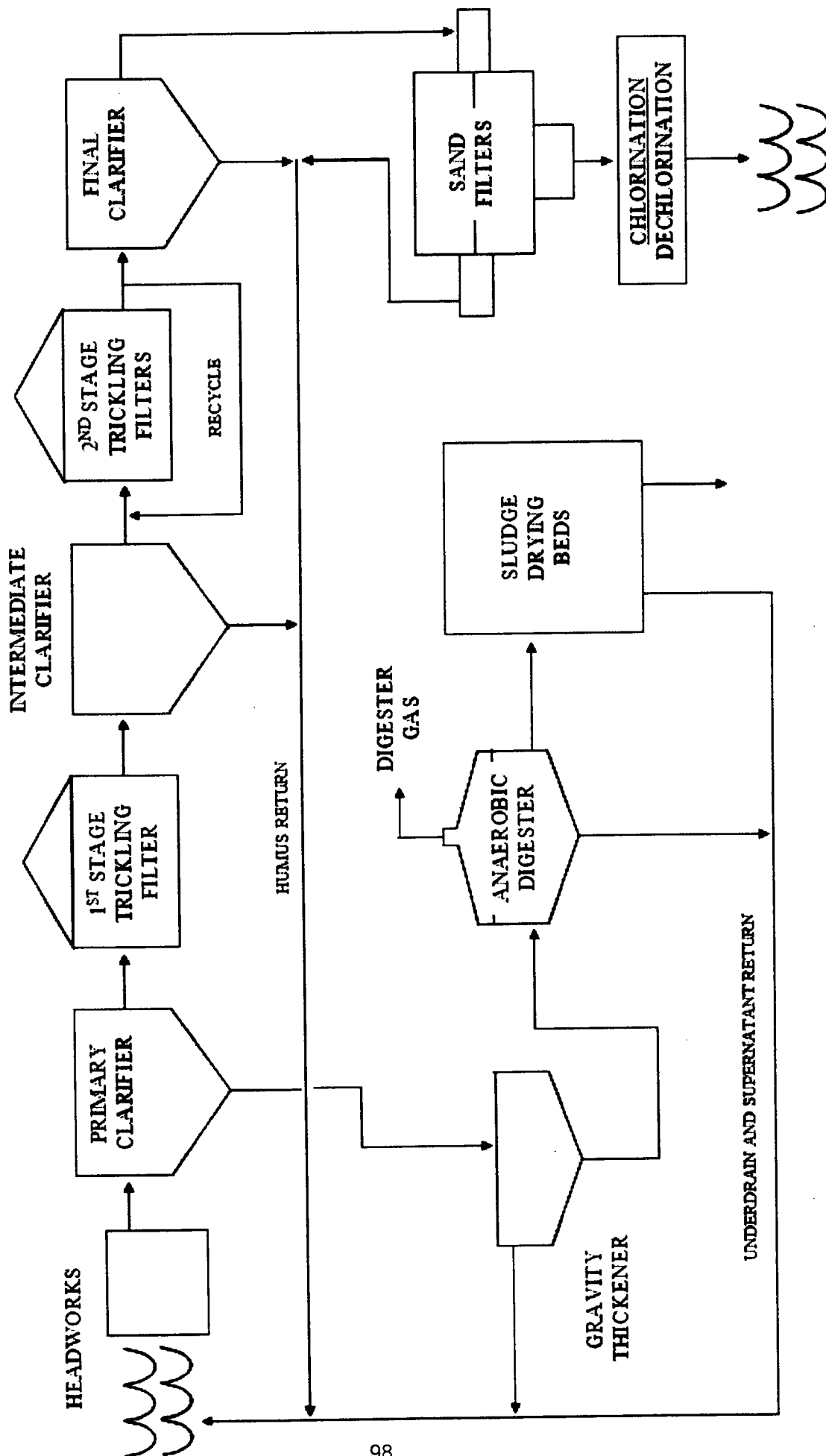
Source: Utah Local Government and District accounting records.

In accordance with Utah Code 51-7-15 and Rule 4 of the Utah Money Management Council, this bond is calculated on the previous years budget (i.e. 2004 Amended)

# SOUTH DAVIS SEWER DISTRICT North Plant Process Flowchart



# **SOUTH DAVIS SEWER DISTRICT** **South Plant Process Flowchart**



# COMPLIANCE SECTION





KARREN | HENDRIX | STAGG | ALLEN  
COMPANY

A Professional Corporation

Duane C. Karren, CPA  
R. Ted Stagg, CPA  
Ray H. Allen, CPA  
Danny L. Hendrix, CPA  
Terry L. Green, CPA  
G. John Runia, CPA  
Robert L. Archuleta, CPA  
Tim C. Rees, CPA

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
South Davis Sewer District  
West Bountiful, Utah

We have audited the basic financial statements of the South Davis Sewer District (the "District") as of and for the year ended December 31, 2005, and have issued our report thereon dated April 1, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

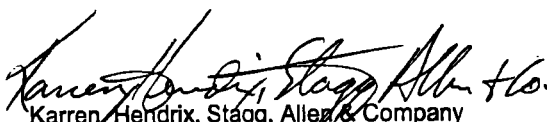
**Compliance**

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *General Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Trustees, management, and the Utah State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

  
Karren, Hendrix, Stagg, Allen & Company  
April 1, 2006



KARREN | HENDRIX | STAGG | ALLEN  
COMPANY

A Professional Corporation

Duane C. Karren, CPA  
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### AUDITORS' OPINION ON STATE LEGAL COMPLIANCE

Board of Trustees  
South Davis Sewer District  
West Bountiful, Utah

We have audited the basic financial statements for the South Davis Sewer District (the "District") for the year ended December 31, 2005 and have issued our report thereon dated April 1, 2006. Our audit included test work on the District's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt  
Cash Management  
Purchasing Requirements  
Budgetary Compliance

Truth in Taxation and Property Tax Limitations  
Special Districts  
Other General Compliance  
Impact Fees and Other Development Fees

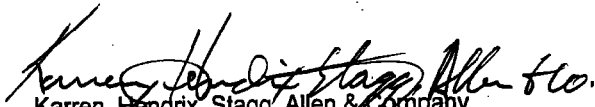
The District did not receive any major or non-major State grants during the year ended December 31, 2005.

The management of the District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, the District complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2005.

  
Karren, Hendrix, Stagg, Allen & Company  
April 1, 2006